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Has Japan Spent Too Much Sharing Wealth?

By Kevin Sullivan
Washington Post Service

SATA, Japan — Shiori Nagayoshi played a lovely piece of classical music on the piano next to the big-screen television in her family's small living room. Her in-line skates and $250 Nike sneakers — a must-have item for a fashion-conscious 12-year-old in Japan these days — were stashed by the door.

Shiori attends a brand-new junior high school, right next to the town's new $16 million community hall. She studies English in the school's state-of-the-art computer lab, and she listens to her favorite Japanese pop music on a compact disk player in her room at night.

This farming and fishing town at the southern tip of the main island of Japan has one of the lowest per-capita incomes of any place in the nation. In the island prefecture of Okinawa and in some other extremely remote islands, the figures are even lower. But Sata is near rock bottom on the main island, although you would never know it from the comfortable life in the Nagayoshi family farmhouse, or in virtually any other house in this hilly seaside town.

U.S. leaders constantly struggle with the vast and divisive income gap between the United States' wealthiest and poorest citizens. The rich are getting richer and the poor are sinking deeper into poverty in what former Labor Secretary Robert Reich called a "chasm of inequality." The trend is a global one, with the United Nations reporting that the incomes of the richest 20 percent around the world grew three times faster than the incomes of the poorest 20 percent from 1960 to 1990.

But Japan has virtually no such income gap. Almost all personal wealth was destroyed in World War II, and from that starting point, Japan set out to

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Mobutu Tries to Put Conditions on Exit

Rebel Leader Demands Power As Forces Close In on Kinshasa

By Howard W. French
New York Times Service

KINSHASA, Zaire — In his first meeting with the rebel leader who is trying to overthrow him, President Mobutu Sese Seko of Zaire said that he would relinquish power Sunday, but would only do so by handing over to a mutually acceptable transitional authority that would organize national elections.

Meeting on a South African warship in the Congolese port of Pointe-Noire, Marshal Mobutu's foe, the rebel leader Laurent Kabila, insisted that power be handed over to him directly and vowed to press ahead with his military campaign against the government.

At the end of a day of talks, the South African president, Nelson Mandela, said that the two sides had agreed to meet in six to eight days to resume their discussions, but the gulf between Marshal Mobutu and Mr. Kabila appeared as large as it had been when the day began, and the stage appeared set for a quick rebel military takeover before a second meeting could convene.

A statement read at the end of the talks by the United Nations mediator, Mohammed Sahnoun, consisted of a simple restatement of each side's positions. While Mr. Kabila lingered in talks with South African officials before taking off for Angola, Marshal Mobutu quickly left, reportedly heading for the airport at Pointe-Noire. His destination could not be immediately confirmed.

Mr. Kabila claimed to have ordered a halt to fighting while Sunday's talks were under way. But in statements before and after the meetings he repeated his determination to press ahead with a war that has already brought his fighters to the doorstep of Kinshasa, which Mr. Kabila said the rebels could reach imminently.

"Mobutu has asked me to give him eight days while he considers our demand to resign," Mr. Kabila said in a telephone interview with Reuters shortly after the meetings broke up. "I have agreed to that request and we shall meet again on this same ship within the next eight days. But I have told him and the mediators that there will be no cease-fire while he considers our demands."

According to foreign diplomats and other reports reaching this teeming city of 5 million, rebel forces now stand less than 120 kilometers from Kinshasa, both to the south and to the east, and, belying Mr. Kabila's supposed cessation of hostilities order, were said to be on the move during the day.

In northeastern Zaire, dozens of Rwandan Hutu refugees suffocated or were crushed to death Sunday in a train carrying them from a refugee camp to be repatriated by air, witnesses told Reuters.

Aid workers and journalists saw dozens of bodies of refugees tumbling from open rail cars as the train pulled into Kisangani station. An official of the UN High Commissioner for Refugees said he estimated more than 100 people had died in the crush.

A major objective of the international mediation has been to prevent an armed

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Heleus Valente/The Associated Press

Laurent Kabila, who refuses to declare a cease-fire during talks.

Debate Over Europe Rages On in Britain

Party's 'Cancer,' Key Tory Says

By Warren Hoge
New York Times Service

LONDON — Britain's Conservatives, in power so long that they had come to think of themselves as the natural party of government, have suddenly found themselves in the political wilderness with no leader, no consensus, no presence in large parts of the United Kingdom and drastically reduced representation in Parliament.

The divisive issue of Europe that helped get them into this unenviable state arose this weekend as the chief impediment to their choosing a leader to succeed former Prime Minister John Major.

After the landslide victory by Tony Blair and his Labour Party on Thursday, Mr. Major said he would relinquish the party leadership as soon as the Tories could select a successor.

"Let us stop this obsession with Europe," Kenneth Clarke, 56, the former chancellor of the Exchequer who was the first Tory to announce his candidacy, said Sunday.

"What we mustn't allow is zealots inside the party to turn the whole leadership election into a pro- and anti-Europe thing."

But Peter Lilley, 53, the former social security secretary, said that he too would be a candidate and would insist that the party stake out a clear position on Britain's further integration in Europe.

And John Redwood, 48, the fiercest Euroskeptic in the party, said it was "quite likely" that he would join the fray and base his campaign on the position that "Europe is our continent, not our nation."

Mr. Clarke, a star in Commons debate and a man with the credentials of having run the treasury during the recent years of economic recovery, described the debate over Europe as "the cancer at the heart" of the party.

"Some people are quite obsessed by it," he said. "They are quite incapable of agreeing upon it."

Both during the campaign and in its immediate aftermath, recriminatory members of the party targeted Mr. Clarke, a declared Europhile, as the cause of their defeat, but he scoffed at that Sunday.

"Labour did not win their enormous majority because we had not become right-wing and Euroskeptical enough," he told the interviewer David Frost.

"The public were rather indifferent to this internal Conservative squabble over Europe except they thought it made us look rather a shambles and not an electable party."

Monday, the Labour government makes its first nod towards Europe, signaling its willingness at an intergovernmental meeting in Brussels to sign the Social Charter, a list of proposals for Europewide reforms and standards in workplace conditions.

While Mr. Blair said in his campaign that he was wary of committing Britain to the single currency in 1999 and would submit the matter to a national referendum in any event, he pledged that, unlike the Conservatives, he would agree to including Britain in the Social Charter.

Robin Cook, the new foreign secretary, said the signing would mark "a fresh start in Europe for Britain, working with other member states as a partner, not as an opponent."

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Vote Heartens Continent's Left

By Craig R. Whitney
New York Times Service

PARIS — Since Tony Blair's election victory for the Labour Party in Britain last week, other leftists in Europe have found new reason for hope.

Elections will take place in France at the end of this month, in Germany next year and soon after that in other countries across the Continent where Socialists and Social Democrats have found themselves frozen out of power in recent years.

"We can do it too" was the refrain,

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followed quickly by, "Of course, we would never think of doing what Labour did in Britain."

Labour's sin, as some of its Continental cousins see it, was adopting the pro-business, anti-government, tax-cutting philosophies that conservatives everywhere insist are the only way to compete in the global economy.

"The real winner of the British elections is Thatcherism," a headline in the French weekly L'Express said in anticipation of a Labour landslide, referring to the distasteful (to Continental leftists) ideology that former Prime Minister Margaret Thatcher and her successor, John Major, used to transform the British political landscape and economy.

Thatcherism may have made the rich richer and the poor poorer, as its critics charge, but in income disparity, Britain is little different from France or Germany; all have been subject to the same inexorable global economic forces. Britain, however, has distinguished itself from other countries in Europe in its change of thinking across the political spectrum about the welfare state.

It is clear that Lady Thatcher and her party changed Britain in their 18 years in power, and that what Mr. Blair calls New Labour now accepts most of those changes.

It is equally apparent that economic

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Michael Crabtree/Agence France-Presse

Prime Minister Tony Blair of Britain, his wife, Cherie, and their sons Nicky and Evan leaving their home in London to drive to church Sunday.

Spin doctor rewarded by Blair for role in Labour's victory. Page 6.

Mega-Merger In Italy Dies As Marzotto Withdraws

By Alan Friedman and Suzy Menkes
International Herald Tribune

ROME — In a development that could mark a shift in Italian capitalism and the erosion of power of Italy's leading financial player, the Marzotto clothing group has abruptly pulled out of a merger that would have created a $5 billion-a-year European fashion powerhouse.

Pietro Marzotto, head of the clothing and textile group, announced over the weekend that the company was withdrawing from the deal orchestrated by Mediobanca, the country's leading merchant bank.

The deal, which would have seen Fiat and Mediobanca as two of the leading shareholders, had already come under fire from critics who said there was no industrial logic in combining the Rizzoli-Corriere della Sera newspaper and book publishing group with Marzotto, a family-owned fashion business.

In European fashion terms, the collapse of the deal could have immediate implications for Giorgio Armani, Valentino, the fashion producer GFT and Hugo Boss, all of whose manufacturing operations were to have come under the umbrella of the new conglomerate.

Analysts and bankers in Milan said Sunday that the surprise cancellation, less than eight weeks after the deal was announced, represented a serious revolt against the traditional dominance of Mediobanca in Italian capitalism and could herald a further weakening of the power of the secretive merchant bank, the main ally of the Fiat group.

Some commentators in Italy said

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AGENDA

AT&T Agrees to Cut Long-Distance Rates for Households

Residential long-distance phone rates in the United States will fall significantly in the next several years under a plan negotiated by the AT&T Corp. and the Federal Communications Commission, according to officials and industry executives. AT&T, the largest U.S. provider of long-distance service, said that it would cut residential rates by $500 million in the year beginning July 1 — the first substantial cut in long-distance charges in the 1990s. That will translate into reductions of 5 percent to 15 percent, the company said.

Sprint and MCI Communications, the other major U.S. carriers, are expected to follow suit. Page 15.



J. David Ake/Reuters

SIEGE IS OVER — Two Texas policemen looking for two "Republic of Texas" members who escaped. The others surrendered. Page 3.

Italian Military Camp In Albania Is Fired On

TIRANA, Albania (Reuters) — Three men attacked an Italian military camp in southern Albania early Sunday in the first direct assault on the eight-nation protection force in the Balkan state, a military spokesman said.

Lieutenant Colonel Giovanni Bernardi said the men opened fire on the San Marco camp at Vlore at about 2 A.M.

"The men on duty fired back into the air in the general proximity of the criminals without trying to kill them," Colonel Bernardi said. "The criminals quickly disappeared. No one was injured and there was no damage."

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The IHT on-line http://www.iht.com

In Zero-Deficit Heaven, People Don't Get Older

By Clay Chandler
Washington Post Service

WASHINGTON — If everything goes as promised, the grand budget compromise embraced by President Bill Clinton and leaders of the Republican Congress will bring federal revenue and spending into balance in 2002 for the first time in four decades.

But then what?

Even as budget negotiators slapped one another on the back for finally closing a deal, fiscal experts cautioned that the agreement would do little to hold the budget in balance beyond 2002, when retiring baby boomers stop paying taxes and begin to claim Medicare, Social Security retirement and other costly federal benefits.

Many experts warned that the tax cuts outlined in the agreement reached Friday — a package estimated to lower federal revenue by $250 billion over the next 10 years — could make the long-term deficit outlook considerably worse.

"It's conceivable that everything that has been gained by changes on the spending side will be lost by changes on the tax side," said Robert Reischauer, a former director of the Congressional Budget Office. "I think there is a real danger that all we've done here is fill the deficit hole in the short term in a way that will only make it deeper later on."

"Even if the budget is balanced by 2002" under the bipartisan framework, "it won't stay balanced by 2010, and it sure as hell won't be in balance by 2020," said Christopher Probin, director of forecasting at DRI/McGraw-Hill Inc. an economic forecasting firm in Lexington, Massachusetts.

Richard Jackson, a economist with the anti-deficit Concord Coalition, said: "We think that a deal is better than no

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deal. But it's important to remember that this is only a small down payment on our long-term fiscal problems."

America's long-run fiscal dilemma is straightforward: Over the last four decades, the country's political leaders have constructed an increasingly generous network of "entitlement" programs, so called because any eligible citizen is entitled to benefits, no matter what the cost. But those programs, including Medicare, Medicaid and Social Security, have run afoul of demographics and economics.

The last of the baby boomers, the population bulge of Americans born be-

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Budget deal strengthens Clinton. Page 3. • Markets await the Fed. Page 16.

Taipei Worries About Beijing's Patience

Handover of Hong Kong, Separatist Says, Will Start a Clock Ticking

By Patrick E. Tyler
New York Times Service

KAOHSIUNG, Taiwan — As champions of the Taiwan independence movement, Wesley Yu and his family have built a political dynasty in this seaport city where harbor cranes soar above a horizon of cargo containers stacked along a vast waterfront. It is a vista that evokes the economic vibrancy of this island off China's southeastern coast.

But Mr. Yu, a provincial assemblyman, speaks with surprising frankness about the possibility that Taiwan might some day reunite with its longtime enemy, Beijing, especially after Hong Kong returns to Chinese sovereignty July 1.

"Just as the United States is a confederation of states, maybe we could be confederated with mainland China," he said recently, striding across the broad concrete pier of Kaohsiung port.

"We have to be more realistic, and not just talk in theories," he said, ticking off the conditions that would have to be fulfilled. "We want our own military, our own foreign policy and our own officials. We have to have our dignity and our security. And China has to give us a promise that they will not use force to reunify."

Hong Kong police's quandry. Page 4.

Mr. Yu spoke like a man sure of his terms, but who also knew that the return of Hong Kong to Chinese rule would start a clock ticking, counting down to a political reckoning for the 21 million people of Taiwan.

Nearly five decades after Taiwan became the exile home of Chiang Kai-shek's Nationalist government, the end of colonial rule in Hong Kong this year, and in Macau in 1999, has reawakened the prospect that Beijing may soon set a deadline for union with Taiwan.

This long-deferred question has suddenly become one of Asia's major security concerns. Whether the island's

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Newsstand Prices

Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1,600 CFA	Qatar	10.00 Rials
Egypt	E£ 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10.00 R.
Gabon	1100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 PTAS
Ivory Coast	1,250 CFA	Tunisia	1,250 Din
Jordan	1,250 JD	U.A.E.	10.00 Dirh
Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

Security Fears in the Gulf / **5th Fleet Loses an Oasis**

U.S. Navy Hauls Up the Anchor From Bahrain's Bars

By Douglas Jehl
New York Times Service

MANAMA, Bahrain — As a liberty port, Manama cannot compete with the raunchiness of Manila or Bangkok, but the men and women of the U.S. Navy still regard it as an oasis in the heart of the Gulf.

Filipino barmaids, to the blare of heavy-metal music, serve up American beer in cans — nectar in a sheikdom sandwiched by Saudi Arabia and Iran.

"It would take a brave man to open a girlie bar," as one foreigner hastened to point out, but Bahrain has managed to carve out a spirit so cosmopolitan that a framed commendation in one nightspot begins "Thanks for the nights we can't remember."

So some dismay and apprehension have settled in here in the weeks since the United States abruptly ordered sailors on its vessels docking here to be denied the liberty that had become a custom. At the same time, a 7 P.M. curfew was imposed for all of the 1,000 land-based navy personnel at the headquarters here of its 5th Fleet. The U.S. Embassy has recommended that even American civilians steer clear of bars and restaurants, saying it has received information that a terrorist attack might be planned against U.S. military forces in Bahrain.

Now the bar stools and dance floors that offered an antidote to boredom for thousands of sailors every month are almost empty.

Bahrain, a safe and welcoming harbor to the navy for nearly 50 years, is no longer seen as immune from the kind of anti-American militancy that has preoccupied U.S. military planners since a bomb attack on a U.S. target in Riyadh, Saudi Arabia, 18 months ago. That attack was followed by one last June that killed 19 Americans.

The latest warning issued by the embassy here, dated April 23, reported that it "continues to receive information about possible terrorist threats to the U.S. military in the region, including Bahrain." It urged all Americans to "exercise the strongest possible caution."

Other foreigners, including more than 5,000 Britons, have shrugged off the expressions of alarm, and many U.S. civilians say they have seen little reason to be concerned. The island also remains a haven for Saudis, Kuwaitis and others who are by far the largest share of tourists, flocking here in droves every weekend to seek out the turquoise waters and relaxed atmosphere.

Led by the emir, Sheikh Isa ibn Sulman al Khalifa, who has been in power for 38 years, the ruling family of Bahrain has made little secret of its displeasure at the U.S. action. After sparring for more than two years against a campaign of scattered arson and small-scale bombings that has been waged by members of the Shiite Muslim majority, the emir and his family — who like most prominent landowners and businessmen here are Sunni — worry about a further sullying of Bahrain's image. It could complicate their efforts to attract tourism and foreign businesses as substitutes for a small and declining oil sector.

Bahrain is not only the smallest country in the Middle East but also the smallest oil producer, with production of about 40,000 barrels a day — less than 1 percent of what is produced by Saudi Arabia. But for now, it remains dependent on the petroleum industry, earning additional revenue from an offshore oilfield shared with Saudi Arabia and by refining Saudi oil.

Until the beginning of April, as many as three U.S. Navy ships tied up in Manama every week, and there were few restrictions on where sailors could head in their off hours.

But since it made the warning public April 7, the navy has diverted vessels in need of liberty to the United Arab Emirates, where there are U.S. worries stemming from a fatal accident in which an American sailor was found at fault. For the last 18 months, liberty beyond the Jebel Ali port there has consisted of organized outings in large escorted groups.

In the meantime, those aboard the handful of ships at anchor in Bahrain or those that have visited the port since have mostly had to gaze from the bridge or the deck at Manama, where the raucousness of bars like the Hunter's Lodge and Tabasco Charlie's had become the stuff of navy lore.

"The intent is to avoid large gatherings of Americans that would create an inviting target, given the current environment," a U.S. official here said.

U.S. vessels have been based in Bahrain since 1948, and its designation in 1995 as the permanent headquarters of a re-created 5th Fleet has added to its uniqueness in the Gulf, where conservative sensibilities mean that other countries in which large numbers of U.S. military personnel are stationed, including Saudi Arabia and Kuwait, prefer to describe the arrangements as temporary.

Nineteen U.S. vessels are now in the narrow, shallow waters of the Gulf, carrying about 12,000 sailors and airmen. That is slightly lower than the recent average but still reflects the substantial buildup of U.S. forces in the region that has been under way since the Gulf War in 1991.

While some reports published after the warning was issued drew a link between the U.S. concerns and the domestic unrest here, U.S. officials have gone out of their way to suggest that the assumption was wrong.

Since it began in December 1994, the campaign of violence has claimed nearly 30 lives in the name of an effort to persuade the emir to restore an elected Parliament, which was disbanded in 1975.

Hundreds of people remain in prison, including Shiite clerics who have become heroes to their followers, and the crackdown by the authorities drew criticism in the most recent State Department human rights report.

Despite the high visibility of Americans here, none of the attacks have been aimed at U.S. or even clearly Western targets, and neither the graffiti emblazoned in Shiite villages nor the statements issued by leaders of the movement have hinted at anti-American sentiment.

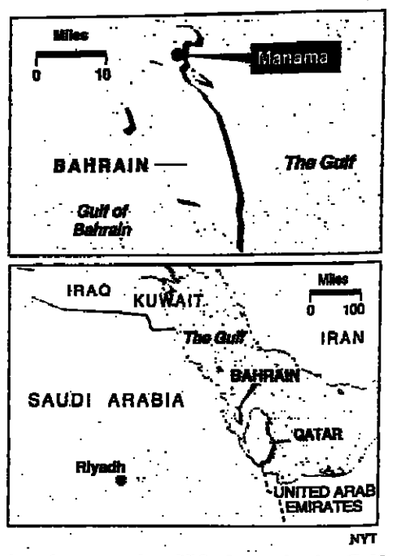
Among those who have been convicted of plotting against the government, one group of Shiites was accused of taking part in a campaign orchestrated by Iran. U.S. officials have said they are convinced that those accusations are true.

They say that at least some among the group, more than a dozen of whom were sentenced to prison after a trial in March, were provided with military training by Iran at camps outside Tehran and in the Bekaa region of Lebanon.

Bahraini and U.S. officials now describe the group as a Bahraini Hezbollah, with ties to its Lebanese namesake, which is backed by Iran and which has a long record of attacks against U.S. targets.

The U.S. ambassador, David Ransom, was said by people who attended a meeting April 6 at the U.S. Embassy to have called the audience's attention to newspaper reports describing threats against U.S. forces in the Gulf region made by Osama bin Laden, the multimillionaire Saudi whom the State Department has labeled "one of the most significant financial sponsors of Islamic extremist activities in the world today."

Mr. Bin Laden, who was stripped of his Saudi citizenship in 1994 and has taken refuge in Afghanistan, has in several interviews over the last six months threatened to declare a holy war against the United States and its allies if Washington does not remove its forces from the region.



NYT


Greg Meriewich/The Associated Press
An American soldier at the bombed military baracks in Dhahran, Saudi Arabia.

Canada's Openness Appeals to Terrorists

By Anthony DePalma
New York Times Service

TORONTO — The recent arrest of a Saudi man linked to a deadly attack against Americans in the Middle East last year has provided a glimpse, officials say, of how a largely hidden network of militant groups uses Canada to raise money, recruit members, provide refuge and plan attacks.

While most details are kept secret, court papers, official reports and transcripts of interviews with another man accused of terrorism and deported three years ago reveal the surprising degree to which officials say the Iranian-backed group Hezbollah, or Party of God, has established a presence in Canada.

Officials say they believe Canada's comparatively open borders and generous refugee policies make it easy for suspected terrorists to enter, whether they are trying to hide out or to find an easy way into the United States.

The Saudi man, Hani Abdel Rahim Sayegh, is to appear before a federal judge in Ottawa on Monday to answer charges that he is a threat to national security and should be deported. He is accused of belonging to Hezbollah and of taking part last June in the bombing of a military barracks in Dhahran, Saudi Arabia, that killed 19 Americans.

Court papers indicate that intelligence officers believe that Hezbollah members in Canada helped Mr. Sayegh find a haven in the country last August. Much of what Canada knows about the bombing comes from Saudi and U.S. sources. But Canadian officials gained important information about the workings of Hezbollah in their country from a man accused of working for Hezbollah's security apparatus who was deported in 1994.

"Hezbollah has members in Montreal, Ottawa, Toronto, all of Canada," the man, Mohammed Hussein Husseini, said in a 1993 interview with agents of the Canadian Security Intelligence Service.

Mr. Husseini offered details of how Hezbollah conducted surveillance of important buildings in Canada, such as the regional headquarters of the intelligence service.

In papers presented to the court, the intelligence service stated that it believed Hezbollah was prepared to order Mr. Husseini to "commit an act of terrorism" in Canada or elsewhere and that if it had ordered him to do so, he would have complied.

The arrest in March of Mr. Sayegh and the accusation that he is connected to Hezbollah's operations in Canada have reopened a debate here that pits national security against the concerns of a multicultural society.

During the Gulf War, for instance, the Canadian intelligence service was widely criticized for conducting interviews in Arab neighborhoods, where residents felt unjustly singled out because of their backgrounds.

Senior U.S. officials said that at least one Hezbollah cell was in Canada in 1993, six months before the first interviews with Mr. Husseini in Montreal.

The officials said at the time that the Canadian arm of Hezbollah provided planning and logistical support for terrorist attacks, perhaps in North America.

Although the Canadian intelligence service declined to discuss its investigations, the agency gave its view of the scope of terrorist activities in Canada in its annual accounting to Parliament last month.

The intelligence service said it believed that the militant groups used Canada for fund-raising, as a sanctuary and for recruiting Canadian citizens in ethnic-minority communities.

They also provide "logistical support for terrorism outside Canada" and are developing the potential for "terrorist actions in Canada," according to the report.

Mr. Husseini spoke to agents three times, and although he is not openly accused of a specific terrorist act, it is clear from the transcript that agents suspect him of having taken part in the hijacking of a Kuwaiti jet in 1988.

Mr. Husseini told the agents that Hezbollah comprised "a military, organizational and popular apparatus" and that "orders for these three units come from Iran, but final approval is obtained from Hassan Nasrallah and Sayid Fadlallah," the political and religious leaders of Hezbollah.

TRAVEL UPDATE

French Pilots Extend Strike for 2 Days

PARIS (AFP) — Pilots for the domestic carrier Air France Europe voted Sunday to extend a strike by two days, after more than a week of disruptions.

The pilots have been striking since April 25 over plans to introduce new pay scales in the merger of Air France Europe, formerly known as Air Inter, with Air France later this year. Airline management said the strike barely effected services over the weekend because flights were staffed by other crews.

Italy Air Strike Threat

ROME (Reuters) — Air traffic in Italy will be disrupted Monday if a planned national strike by air traffic controllers goes ahead.

Traffic control unions have called a four-hour strike beginning at noon, although aviation authorities said a certain number of flights will be guaranteed. Ministry sources said Transport Minister Claudio Burlando had called in representatives of the traffic controllers' unions for a meeting Monday.

The Royal Academy in London opened as usual Sunday after a fire forced a frantic rescue of artworks. No one was hurt in the blaze Saturday. A few new works, described as not being valuable, sustained minor damage. *(Reuters)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Britain, Ethiopia, Ireland, Japan, Kyrgyzstan, Mexico, Moldova, Namibia, South Korea, Thailand.

TUESDAY: Lebanon, Syria.

THURSDAY: Andorra, Austria, Belgium, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Central African Republic, Congo, Czech Republic, Denmark, Egypt, Finland, France, Germany, Iceland, Indonesia, Ivory Coast, Kuwait, Lesotho, Liechtenstein, Luxembourg, Madagascar, Malaysia, Monaco, Namibia, Netherlands, New Caledonia, Norway, Pakistan, Portugal, Senegal, Slovakia, Swaziland, Sweden, Switzerland, Tahiti, Vatican City.

FRIDAY: Azerbaijan, Belarus, Belgium, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Pakistan, Russia, Turkmenistan, Ukraine.

SATURDAY: Guatemala.

Sources: J.P. Morgan, Reuters, Bloomberg.

FBI Sticks With Mechanical Failure in TWA Crash

Reuters

WASHINGTON — The FBI reiterated Sunday that mechanical failure was the most likely reason for the crash of TWA Flight 800 last July 17 that killed all 230 people aboard.

"I think that the evidence as we've developed it to date would lead the inquiry toward the conclusion that this was a catastrophic mechanical failure," the FBI's director, Louis Freeh, said on the NBC News program "Meet the Press."

Mr. Freeh added that neither the FBI nor the National Transportation Safety Board, the lead investigating agency, had reached a formal conclusion about the midair explosion. "But the evidence is certainly not moving in the direction of a terrorist attack," he said. "It is in fact moving in the other direction."

He said the Federal Bureau of Investigation hoped to reach a formal conclusion by "mid- to late- summer" in conjunction with the safety board. The Paris-bound Boeing 747 exploded shortly after takeoff from New York's Kennedy Airport.

In November, 1996, James Kallstrom, the FBI's assistant director leading the investigation, first put forward the theory that mechanical malfunction, rather than a bomb or missile, was the most likely reason that the center fuel tank exploded.

■ Will Public Believe Findings?

Matthew Purdy of The New York Times reported earlier:

Nearly 10 months after the crash of TWA Flight 800 unleashed strong suspicions of terrorism, U.S. law-enforcement officials, now in the last stages of their criminal investigation, still have found no evidence of sabotage.

But the increasing likelihood that the agents will determine that no crime occurred, coupled with the inability of investigators to find the precise cause of the explosion, is forcing officials to confront the question of whether the public will accept the conclusions of their inquiry.

"It doesn't do any good to conduct the most extensive investigation in aviation history and not have the public believe it," said Peter Goelz, the spokesman for the National Transportation Safety Board.

FBI officials, who have faced the near impossibility of proving that a crime did not happen, have pursued the possibility of a bomb or missile even in the absence of any physical evidence.

A month ago, explosives experts at the federal Bureau of Alcohol, Tobacco and Firearms concluded that there had been an explosion of fuel vapors in the center fuel tank of the Boeing 747 and that there was no evidence of a bomb or missile, two federal investigators said last week.

Still, FBI agents are examining every hole and tear in the reconstructed fuselage for any evidence that a missile, an explosive device or explosive shrapnel may have torn through the plane.

Even if the investigators say definitively that the plane was not hit by a missile, they must still explain reports from more than 100 witnesses who have said they saw lights streaking toward the plane before it exploded.

WEATHER

Forecast for Tuesday through Thursday, as provided by AccuWeather.



North America
Showers will fall from Boston to Philadelphia and also from Vancouver to Seattle Tuesday. These showers will move east Wednesday into the central United States, reaching from Chicago to Dallas Thursday. Warm weather will cover Mexico with scattered thunderstorms.

Europe
London, Paris and Amsterdam will have cool to chilly and wet weather Tuesday through Thursday. Showers are likely in Spain Tuesday, then windy and much cooler Wednesday with heavy rain possible in the northwest. Heavy rains are also likely across the central Alps.

Asia
Warm in Beijing, Seoul and Tokyo Tuesday through Thursday. A shower or thunderstorm is possible in Seoul and Tokyo Wednesday or Thursday; mainly dry in Beijing with sunshine. Very warm to hot and muggy in Hong Kong and Singapore with a thunderstorm around each day.

Europe

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Algarve	21/70	13/55 pc	18/64	9/48 po
Amsterdam	17/62	13/55 r	13/55	1/34 r
Ankara	19/66	4/39 sh	23/73	6/43 s
Athens	24/75	13/55 s	23/73	14/57 s
Barcelona	23/73	14/57 pc	21/70	7/44 pc
Belgrade	25/77	11/52 pc	26/79	14/57 c
Berlin	19/66	13/55 t	22/71	14/57 pc
Brussels	17/62	13/55 r	14/57	2/36 r
Budapest	28/79	12/53 pc	23/73	13/55 pc
Copenhagen	14/57	9/48 r	18/64	12/53 r
Costa Del Sol	21/70	12/53 c	21/70	9/48 pc
Dublin	12/53	3/37 r	9/48	3/37 c
Edinburgh	10/50	1/34 r	9/48	2/36 c
Florence	24/75	12/53 c	23/73	11/52 sh
Frankfurt	18/64	11/52 r	14/57	7/44 pc
Geneva	19/66	11/52 r	17/62	5/41 r
Helsinki	7/44	1/34 c	11/52	4/39 c
Istanbul	23/73	12/53 s	25/77	13/55 s
Kiev	18/64	12/53 pc	26/79	13/55 s
Lisbon	19/66	11/52 sh	18/61	9/48 sh
London	17/62	9/48 r	11/52	2/35 r
Madrid	21/70	9/48 pc	15/61	2/35 sh
Mallorca	22/71	10/61 pc	18/64	8/46 pc
Milan	23/73	14/57 r	22/71	10/50 r
Moscow	8/46	4/39 pc	12/53	11/52 r
Munich	23/73	10/50 c	23/73	8/46 c
Nice	18/64	14/57 r	20/68	11/52 pc
Oslo	11/52	8/48 r	14/57	11/52 r
Paris	17/62	12/53 r	14/57	-1/31 r
Prague	21/70	12/53 c	23/73	11/52 pc
Reykjavik	4/39	-4/25 c	5/37	2/35 pc
Riga	8/46	8/46 sn	17/62	8/46 c
Rome	22/71	13/55 pc	22/71	11/52 sh
St. Petersburg	8/46	2/35 c	10/50	6/43 sh
Stockholm	7/44	5/41 r	13/55	7/44 c
Strasbourg	21/70	12/53 r	19/66	8/48 r
Tallinn	7/44	2/35 c	12/53	4/39 c
Tbilisi	16/64	6/43 r	21/70	9/48 pc
Venice	22/71	13/55 r	21/70	13/55 r
Vienna	25/77	14/57 pc	24/75	13/55 pc
Warsaw	23/73	14/57 c	23/73	12/53 r
Zurich	22/71	11/52 r	22/71	8/46 r

Middle East

Abu Dhabi	33/91	21/70 s	33/91	19/66 s
Beirut	17/62	11/52 pc	19/66	13/55 s
Cairo	25/77	11/52 s	27/80	12/53 s
Damascus	19/66	6/43 s	24/75	8/46 s
Jerusalem	17/62	6/43 s	21/70	8/46 s
Luxor	31/88	16/61 s	33/91	13/55 s
Riyadh	37/98	19/66 s	33/91	17/62 s

Asia

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Almaty	28/82	12/53 s	31/88	14/57 s
Bali	32/89	22/71 s	32/89	22/71 pc
Bangkok	33/91	24/75 pc	33/91	24/75 pc
Beijing	29/84	16/61 s	17/62	6/46 c
Bombay	31/88	21/70 s	31/88	23/73 s
Calcutta	37/98	23/73 s	35/95	23/73 pc
Chiang Mai	34/93	23/73 pc	33/91	23/73 pc
Colombo	30/86	24/75 pc	30/86	24/75 pc
Hanoi	28/82	24/75 r	29/84	23/73 r
Ho Chi Minh	34/93	25/77 pc	33/91	25/77 pc
Hong Kong	28/79	23/73 r	27/80	22/71 r
Islamabad	34/93	19/66 pc	37/98	21/70 s
Jakarta	29/84	23/73 t	30/86	24/75 pc
Karachi	35/95	23/73 s	36/97	23/73 s
K. Lumpur	32/89	23/73 pc	32/89	23/73 pc
K. Kinabalu	32/89	22/71 pc	32/89	23/71 pc
Manila	32/89	23/73 pc	32/89	23/73 pc
New Delhi	37/98	23/73 pc	40/104	33/73 s
Phnom Penh	33/91	22/71 pc	33/91	24/75 pc
Phuket	33/91	24/75 pc	33/91	24/75 pc
Rangoon	34/93	25/77 pc	33/91	24/75 pc
Seoul	28/79	18/61 s	23/73	15/61 sh
Shanghai	30/86	19/66 s	28/82	21/70 c
Singapore	32/89	22/71 pc	32/89	22/71 pc
Taipei	28/82	22/71 r	28/82	21/70 c
Tokyo	24/75	19/66 pc	27/80	21/70 pc
Vientiane	27/80	24/75 r	29/84	24/75 r

North America

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Anchorage	14/57	3/37 pc	14/57	4/39 pc
Atlanta	24/75	13/55 s	22/71	12/53 pc
Boston	17/62	7/44 s	14/57	7/44 pc
Chicago	19/66	7/44 sh	16/61	6/43 pc
Dallas	27/80	16/61 pc	27/80	16/61 pc
Denver	28/79	8/46 pc	25/77	8/46 pc
Detroit	18/66	8/46 r	14/57	5/41 pc
Honolulu	28/82	21/70 pc	28/82	20/68 pc
Houston	28/82	17/62 s	27/80	17/62 pc
Los Angeles	27/80	13/55 s	29/84	13/55 pc
Miami	28/82	19/66 s	28/82	21/70 pc
Minneapolis	21/70	5/41 pc	16/64	7/44 pc
Montreal	7/44	2/35 pc	12/53	-3/29 r
Nassau	27/80	20/68 r	28/82	21/70 pc
New York	19/66	11/52 s	18/61	9/48 sh
Orlando	27/80	14/57 s	28/82	18/61 pc
Phoenix	39/100	22/71 pc	39/97	20/68 pc
San Fran.	23/73	10/50 s	21/70	10/50 pc
Seattle	15/59	7/44 sh	16/61	6/43 sh
Toronto	11/52	2/35 c	10/50	-4/25 pc
Vancouver	13/55	4/39 r	11/52	3/37 pc
Washington	21/70	12/53 s	19/66	9/48 c

Africa

Algiers	27/80	12/53 pc	23/73	9/48 pc
Cape Town	21/70	11/52 s	22/71	11/52 pc
Casablanca	21/70	12/53 pc	18/64	12/53 c
Harare	31/88	12/53 s	32/89	12/53 s
Lagos	29/84	23/73 pc	29/84	23/73 pc
Nairobi	25/77	14/57 sh	27/80	13/55 c
Tunis	28/82	17/62 pc	29/84	14/57 pc

Latin America

Buenos Aires	24/75	14/57 s	24/75	17/62 pc
Caracas	28/82	23/73 pc	28/82	24/75 pc
Lima	26/79	18/64 pc	24/75	18/64 s
Mexico City	25/77	11/52 pc	28/79	11/52 pc
Rio de Janeiro	23/73	15/61 pc	22/71	18/64 pc
Santiago	28/82	9/48 s	27/80	12/53 s

Oceania

Auckland	17/62	9/48 pc	19/61	10/50 s
Sydney	22/71	16/61 c	23/73	18/61 pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Haz, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

Delayed in Cairo, 200 Storm Plane

Agence France-Presse

CAIRO — About 200 passengers stormed the runway at the Cairo airport Sunday and forced their way aboard an EgyptAir plane after their flight was delayed for 22 hours.

Passengers on the flight to Aswan in southern Egypt had spent the night in the departure lounge after takeoff was delayed by a sandstorm. The impatient passengers were forced to return to the lounge before being allowed to reboard for departure.

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THE AMERICAS

With Budget Accord Reached, Clinton Can Begin Serving Second Term

By John F. Harris
Washington Post Service

WASHINGTON — President Bill Clinton let out a broad smile in the Oval Office and traded high-fives with Vice President Al Gore. They were celebrating the start of Mr. Clinton's second term, three months overdue.

The budget accord that he and Republican congressional leaders hammered out last week gives him the chance, according to his political confidants and even some opponents, to reinvigorate a presidency that lost momentum with astonishing speed after his November victory because of the scandal over Democratic fund-raising.

The scandal does not go away, but now at least it takes place within the context of a significant policy achievement. The agreement, if Mr. Clinton and the Republicans continue their collaboration long enough to get it enacted, will most likely be the single most dominant feature of Mr. Clinton's domestic legacy, according to several of his aides as well as presidential scholars.

The deal fulfills several of the key pledges that Mr. Clinton made in his bid for re-election. It eliminates the deficit in five years while still leaving enough money for Mr. Clinton's plans to expand access to higher education, soften

NEWS ANALYSIS

the blow on the reduced Medicare and Medicaid health care programs and restore benefits to legal immigrants that were slashed during the overhaul of welfare last year.

But the president got this only by accepting Republican premises that he previously vilified. The deal includes a significant share of the tax cuts the Republicans wanted and scales back agencies in a way that Mr. Clinton never contemplated.

"I think it's an important achievement, but it's a shared achievement," said Charles Jones, a University of Wisconsin political scientist who has written about Mr. Clinton's presidency. "Everybody has learned that they will do better with legislative production instead of gridlock."

It was also an achievement produced with a markedly different style of presidential leadership than Mr. Clinton showed in his first term. During earlier budget battles, in 1993 and 1995, current and former aides recalled, Mr. Clinton was a hovering, omnipresent figure. He wanted to make all the calls himself, edit legislative language himself, and regularly exploded in profane frustration when things were not going well.

This time, he was more detached. Although he made numerous phone calls at key points along the way — including a telephone barrage last week to Republican leaders and wavering Democrats on Capitol Hill — he left the day-in, day-out negotiations to others.

The White House chief of staff, Erskine Bowles, supervised the process. Such aides as the national economic adviser, Gene Sperling, and the budget director, Franklin Raines, carried out most of the direct talks.

"There is more of a sure-footedness there," said Rahm Emanuel, a White House senior adviser who has been with Mr. Clinton since his first presidential campaign in 1991. "There's a poise that comes from knowing what his goals were and what he wanted."

This clarity about goals was another critical break with the past.

The budget talks of 1995 and 1996 dragged on sullenly through two government shutdowns before finally collapsing in failure. Then, the administration conducted fierce debates about whether the object should be to strike a deal with Republicans or to avoid a deal and put the blame on Republican extremism. Mr. Clinton himself, according to aides, was ambivalent then: He complained regularly that he had got no credit for passing the Democratic deficit reduction package of 1993, and was now ready to make Republicans pay.

This time the president had no such ambivalence and there was scarcely a whiff of internal debate at the White House. "Our marching orders since December were very clear: We were supposed to try to create a bipartisan atmosphere that would produce a bipartisan agreement," Mr. Sperling said.

The atmosphere in the talks was far less poisonous than in the past. "In '95 our sense was that many things we believed in were under severe attack, that we had no choice — we had to fight back and fight back hard," Mr. Sperling said. "This year the sense was that the differences were bridgeable."

That sense apparently prevailed on both sides. A participant in the talks recalled that once the chairman of the House Budget Committee, John Kasich, Republican of Ohio, objected to a point by exclaiming, "That's the craziest idea" before catching himself and apologizing for his intemperance.

The talks had few leaks and, unlike those of 1995 and 1996, were not punctuated by public accusations of bad faith.

White House officials are predicting that this civility will be the model for the future.

"This launches a process that's got to move forward," said the White House press secretary, Michael McCurry. "We've got the road map now, and the White House and Republicans will develop more confidence that they can work together on other issues."

Those issues, McCurry and other aides said, include assembling majorities to pass the budget agreement, winning Senate approval of an expansion of the NATO alliance and, further in the future, establishing a bipartisan commission to address the soaring long-term costs of programs such as Medicare and Social Security retirement benefits. But there is reason for skepticism about how long the new era of good feeling will last.

White House aides have spoken of the exceptional rapport that has grown up between Mr. Clinton and the Senate majority leader, Trent Lott, Republican of Mississippi, but Mr. Lott is a good bit less effusive.

"It's a tedious and evolving relationship," he said in answer to a question. "We don't agree politically. We're of different parties. But he's where he is and I'm where I am. The president of the United States and the majority leader of the United States Senate need to communicate and deal with each other in good faith."

For the president, it's not just the relationship with Republicans that matters. The events last week demonstrated anew a capacity that has been one of Mr. Clinton's signal strengths as a politician: the ability to bridge competing factions in his own party.

In First Game, at Least, Kasparov Thrashes Deep Blue

By Rajiv Chandrasekaran
Washington Post Service

NEW YORK — When the world chess champion, Garry Kasparov, entered a windowless 35th-floor room to begin a six-game competition against one of the world's most powerful supercomputers, far more was at stake than the winner's prize of $700,000. Up for grabs were some basic human perceptions about computers.

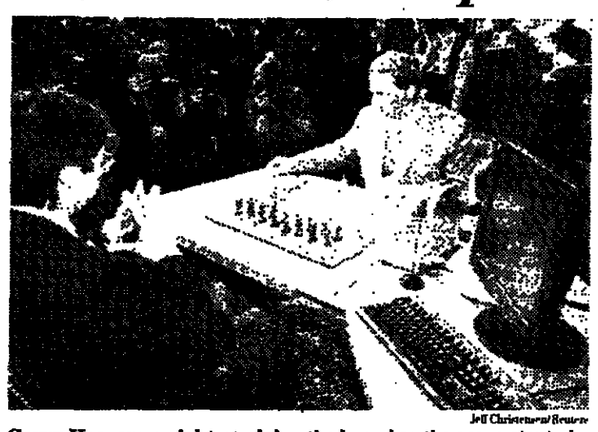
With its relatively simple rules but complex play, chess has been viewed as one of the ultimate expressions of human intelligence.

While computer programs have been able to beat recreational players since the 1970s, grandmasters like Mr. Kasparov have customarily been able to use brain cells to defeat electronic circuitry.

Enter Deep Blue, a 1.4 ton supercomputer designed by International Business Machines Corp. that can compute 200 million possible moves on a chess board every second. In February last year, a less sophisticated version of the machine stunned the chess world with a first-game victory over Mr. Kasparov, but the grandmaster rallied to win the match.

Saturday's match, won by Mr. Kasparov after the computer resigned on the 45th move, featured what some chess experts called aggressive playing by Deep Blue. The match took nearly four hours. The second game was set for Sunday. The new computer has been juiced up with faster chips, sharper programming and advice from a former U.S. chess champion, leading some observers to question whether Mr. Kasparov will be able to notch another victory.

"This is a very important milestone," said Oliver Strimpel, executive director of the Computer Museum in Boston. "Chess playing is a domain that humans have viewed as sacrosanct, something that is quintessentially possessed by human intelligence. This could change all that."



Jeff Christensen/Reuters
Garry Kasparov, right, studying the board as the game started.

A Yale University computer science professor, David Gelertner, predicted that a Deep Blue victory would be a seminal cultural event, "like Lindbergh flying the Atlantic." Whether that will happen won't become clear until later this week.

It has long been accepted as fact that machines and other species can be stronger and faster than humans. Computers have been seen as more adept at rote tasks that can be reduced to numerical calculations, such as solving equations or storing driver license information. They've stumbled, however, when faced with challenges that involve more than numbers — recognizing shapes, understanding spoken speech and playing high-level chess.

With the Deep Blue project, said Chung-Jen Tan, its manager, "we are demonstrating we can use a computer to solve problems that are not just numerical calculations. Suddenly this computer can be used to solve problems we have always solved with human intelligence."

Win or lose, Mr. Tan said, the result will be staggering. "This is not just about a chess match," he said. "This is really about the future — how we will be using computers in the future."

At the same time, the computer is not yet what researchers would call "intelligent," though its software draws upon years of so-called artificial intelligence research. Deep Blue does not invent moves; rather, it relies on reams of complex, equation-filled computer code that tells it what to do in particular situations. Most important, it cannot learn from its mistakes.

"Computers themselves have no more intelligence than a wooden pencil," said Ben Shneiderman, director of the human-computer interaction laboratory at the University of Maryland.

That point is not lost on Mr. Kasparov, who contends that his singular advantage over Deep Blue is his intuition. Unlike the computer, which is evaluating billions of possible positions as many as 15 runs ahead to determine which piece to move, Mr. Kasparov is relying on such nonnumerical considerations as his experience and gut instinct, winnowing down myriad possibilities into a few scenarios that he plays out in his head.

"The computer has generic weaknesses," Mr. Kasparov, 34, a Russian who has been the world chess champion since 1985, said before the match. "I believe they always will be beatable."

The grandmaster, who said he has spent eight weeks preparing for the match by trying out some of his moves against a personal computer, has complained that he has not been allowed to see any of Deep Blue's practice games, while IBM scientists reportedly studied dozens of Mr. Kasparov's past games as they programmed the machine.

As a result, Mr. Kasparov said he planned to play a very different sort of chess over the next week, making nontraditional moves designed to throw the computer off balance. "This is about competition and I'm going to do whatever it takes to win," he said.

The match is taking place in a small, television studio-like room, complete with bookshelves, a large globe, a Persian carpet and a wooden table decorated with Russian and U.S. flags.

Compared with the original Deep Blue, which garnered worldwide fame despite eventually losing, 4-2, to Mr. Kasparov in Philadelphia last year, the new machine has been souped up in several ways:

It is about twice as fast. The IBM RS/6000 SP machine has 32 superfast microprocessors working in parallel, meaning it can handle multiple complex calculations simultaneously.

It is more flexible. New tools allow Mr. Tan and his team to make adjustments to the computer's playing style after each game, much like mechanics tuning up a race car.

It is savvier. The new Deep Blue has been tutored by a grandmaster, Joel Benjamin. Its software is better able to determine which are the strongest moves of the billions it considers.

"The computer is going to be competing at a level we've never seen before," said Mr. Tan, who unabashedly has been predicting that Deep Blue will win a majority of the games. Other computer researchers and many chess experts are not so sure.

"This is an amazing computer," said Tony Marsland, a professor at the University of Alberta and president of the International Computer Chess Association, "but I don't think the computer's explicit commands will be a match for Kasparov's strategic ability."

IBM plans to use the complex logic equations written for Deep Blue for a host of commercial applications that require sophisticated probability analysis, such as research on new drugs and weather forecasting, Mr. Tan said.

The company declined to specify how much it has spent directly on developing Deep Blue.

The match also is great publicity for the company. More than 300 journalists from all over the globe are covering the event, creating a bigger media spectacle than the Bobby Fischer-Boris Spassky world championship match in 1972, chess experts said. In addition to selling out a 500-seat auditorium in the basement of a building where the game is being played, IBM is providing live coverage on the World Wide Web at http://www.chess.ibm.com.

The Moves
Game I — Retl Opening

White Kasp'ov	Black D.Blue	White Kasp'ov	Black D.Blue
1. Nf3	d5	24. f3	Nxe3
2. g3	Bg4	25. Nxe3	Be7
3. b3	Nd7	26. Kh1	Bg5
4. Bb2	e6	27. Re2	a4
5. Bg2	Ngf6	28. b4	f5
6. 0-0	c5	29. ef	e4
7. d3	Bd6	30. f4	Bxe2
8. Nbd2	0-0	31. fxg5	Ne5
9. h3	Bh5	32. g6	Bf3
10. e3	h6	33. Bc3	Qb5
11. Qe1	Qa5	34. Qf1	Qxf1+
12. a3	Bc7	35. Rxf1	h5
13. Nh4	g5	36. Kg1	Kf8
14. Nhf3	e5	37. Bh3	b5
15. e4	Rfe8	38. Kf2	Kg7
16. Nh2	Qb6	39. g4	Kh6
17. Qc1	a5	40. Rg1	hg
18. Re1	Bd6	41. Bxg4	Bxg4
19. Ndf1	de	42. Nxg4+	Nxg4+
20. de	Bc5	43. Rxg4	Rd5
21. Ne3	Rad8	44. f6	Rd1
22. Nhf1	g4	45. g7	Resigns
23. hg	Nxg4		

POLITICAL NOTES

Weld's Unusual Career Move

BOSTON — Governor William Weld was an early and vocal advocate of the North American Free Trade Agreement. With the state's economy heavily global and knowledge-based, he told voters, there was no danger of jobs fleeing Massachusetts for Mexico.

He never mentioned, however, that he might.

In announcing last week that he would accept President Bill Clinton's nomination as ambassador to Mexico, the Republican made a daring exit from electoral politics. He is leaving at the height of his popularity in this Democratic state, forfeiting his national stature as one of the Republican Party's more unusual stars: a fiscal conservative who embraces abortion and gay rights.

"This is a classic Bill Weld move," said his chief of staff, Virginia Buckingham. "He's supremely self-confident and sure of his place in the world, and doesn't need politics or national prominence to be happy."

Barely a year after winning re-election by a record margin in 1994, Mr. Weld began running for the Senate, challenging the Democratic incumbent, John Kerry. After losing that race decisively, he pledged to finish his term: "The message is I'm a real good governor and I should stick to that."

The race to succeed Mr. Weld is heating up. Many voters complain that Mr. Clinton gave Mr. Weld the diplomatic job to help clear the way for Representative Joseph Kennedy II, nephew of Senator Edward Kennedy, who lobbied heavily for the Weld appointment. *(WP)*

Immigrants Get Benefits Back

WASHINGTON — Mr. Clinton forced reluctant Republicans to restore disability and health benefits to several hundred thousand legal immigrants as part of the budget agreement announced this week.

Budget negotiators said the agreement would provide $10 billion over the next five years to aid the immigrants, whose benefits were cut by the welfare bill that Republicans pushed through Congress last year.

In addition, officials said, the agreement would provide $4.5 billion for initiatives to move people from welfare to work. Some of the money is intended to create jobs for able-bodied adults who, under the welfare law, may receive food stamps for only three months in any 36-month period unless they are working. *(NYT)*

Quote/Unquote

Representative Frank Wolf, Republican of Virginia, one of the House Appropriations subcommittee chairmen who will be charged with sorting out the specifics of the agreement to balance the budget by 2002: "There's a long way to go. The final chapter's been written. Now we've got to write the chapters before it." *(WP)*

Away From Politics

• **Cigarette producers, faced with pressure** from state attorneys general and public-health groups, have dropped a demand for complete legal protection in talks on a blanket settlement of tobacco-related lawsuits, people involved in the negotiations said. *(NYT)*

A bald eagle has been hatched in the wild on an island in the Hudson River, the first eaglet hatched along the 315-mile long river in 100 years, according to Peter Nye, chief biologist in New York State's endangered species program, who documented the event. *(NYT)*

• **The actor Charlton Heston was swarmed by autograph seekers** after winning a National Rifle Association board seat over the weekend at the organization's convention in Seattle. *(AP)*

Showdown at the 'Republic of Texas' Ends in Surrender

By Sam Howe Verhovek
New York Times Service

FORT DAVIS, Texas — The standoff between Texas authorities and an armed separatist group ended over the weekend when the group's leader, who had vowed to wage an Alamo-style fight to the death, walked out of his trailer with three other members and surrendered here in the high desert of West Texas.

The leader, Richard McLaren, 43, dressed in boots, jeans, a tweed coat and a cowboy hat, gave himself up after a "military style ceremony" at which he and his followers laid down their arms, said Mike Cox, a spokesman for the state Department of Public Safety.

Mr. Cox said two other group members had fled on foot into the Davis Mountains, where 100 law-enforcement agents have been surrounding the trailer all week. He said the state authorities were trailing the two with bloodhounds, horses and a helicopter, and were confident of finding them quickly.

The surrender under a brilliant sun came a few hours after Evelyn McLaren walked out of the trailer and gave herself up to the authorities. She married Mr. McLaren last December in a ceremony sanctioned only by the laws of the secessionist group, known as the Republic of Texas, which holds that Texas was illegally annexed by the United States in 1845 and thus remains an independent nation. Mrs. McLaren, a former postal worker from Fort Worth, Texas, surrendered after an emotional appeal here from two of her daughters.

Mr. McLaren's lawyer, Terence O'Rourke, said that the state authorities and his client had negotiated a signed agreement calling for a "Texas-wide cease-fire" in the war that Mr. McLaren declared last Sunday. He said that Mr. McLaren would be given an opportunity to state his case, including his contention that he should be given diplomatic immunity, before a federal judge.

Neighbors who had been evacuated because of the crisis were jubilant that it had wound down, though many said they were angry that they were still not able to return to their homes, apparently because of the search for the two men who fled.

More than a few neighbors expressed disappointment that Mr. McLaren, who has long been widely detested here for his legal confrontations with town residents, was not killed during the siege.

The bizarre standoff here had many elements of farce, or perhaps of a bad B-movie. At the same time, though, it was handled by the state as a deadly serious affair, in which it has said it is determined to serve criminal warrants on at least five of the six people inside the trailer with minimal violence or risk to its officers.

The Republic of Texas members "must be held accountable for breaking the law," Governor George Bush said. "They're kidnapping people in the state of Texas with guns."

Across the nation, law-enforcement authorities have been haunted by the legacy of the botched and deadly federal assaults on a white separatist in Ruby Ridge, Idaho, in 1992, whose unarmed wife was killed by a federal sniper, and on the Branch Davidians near Waco in 1993, more than 80 of whom perished in a fire after Federal Bureau of Investigation tanks punched open their compound and inserted tear gas.

Like the 81-day standoff last year with the Freemen of Montana, which ended with a surrender and without a single shot fired, the operation by Texas authorities may well be cited as a model for dealing with armed anti-government belligerents. At the same time, though, some critics suggested this week that the hands-off treatment might encourage other groups and that the state should have acted more quickly and forcefully to root out the rebels.

In the immediate hours after his surrender, Mr. McLaren remained at the command center where a Texas Rangers captain had spent the week alternately negotiating with him and hearing him threaten to kill as many of the law officers around him as he could. He was to be taken eventually to the Presidio County jail in Marfa, Texas, and he is likely to be charged with conspiracy to commit kidnapping and assault and a variety of other crimes. If convicted, he could spend the rest of his life in prison.

The exact size of the arsenal at the group's "embassy," as they called the trailer where they holed up, remained unclear. Mr. Cox said there were at least 10 rifles, several pistols, and 500 to 700 rounds of ammunition.



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ASIA/PACIFIC

Bangladesh Confronts Its Past and Future With Trial of Leader's Killers

By John F. Burns
New York Times Service

DHAKA, Bangladesh — More than 21 years after this poverty-stricken nation lost its first leader and most of his family in an assassination that marked the start of a long and turbulent period of military rule, a trial of the accused assassins has finally begun.

In a temporarily converted guardhouse at the gates of the Dhaka Central Jail, six people, four of them former army officers, have gone on trial for the killing on Aug. 15, 1975, of Mujibur Rahman, who led Bangladesh's struggle for independence from Pakistan and became its leader.

The fusillade of automatic fire that felled Sheikh Mujib also killed nine members of his family, including his wife, three sons, two daughters-in-law, a brother, a brother-in-law and a nephew.

More is at stake in the trial than the guilt or innocence of the 20 people charged, all but six of whom have died or fled the country. For Bangladeshis hopeful of convictions when the trial ends, possibly months from now, the hearing has become a watershed in the life of the country, an occasion to demonstrate that it is finally becoming a nation under law.

For many in this country of 120 million, the trial is a matter of pride as well as justice. Bangladesh's belief in itself, badly battered after the 1971 civil war that won it independence but cost at least a million lives, was deeply affronted when then U.S. Secretary of State Henry Kissinger described the country as a "basket case."

Bangladesh has made major economic and social progress in recent years. Its last military government collapsed under popular protest in 1990. But many here still feel weighed down by a past of military coups and political killings, and by Bangladesh's status as one of the world's poorest nations, with millions forced to migrate every year in search of work.

Still, in looking to the trial of Sheikh Mujib's killers for vindication, the country faces a new obstacle: the person who ordered the investigation that led to the trial was a daughter of the assassinated sheikh, the woman who is the country's new prime minister, Hasina Wazed. She is one of only two immediate family members not to have been caught up in the massacre, and so has had to face the accusation that she is seeking personal vengeance.

The accusation incenses Sheikh Hasina, 49, who won election last June to take over as prime minister from Khalida Zia, widow of Major General Ziaur Rahman, who seized power after the 1975 killings and was in turn assassinated, in 1981. Begum Zia's enmity with Sheikh Hasina has dominated politics in the 1990s, and the former's supporters have protested the loudest against the trial.

"This trial is just, because the killers violated human rights in the most brutal way," Sheikh Hasina said in an interview. She added that "these killers" had murdered not only the country's independence leader but also "women and children, including a minor child."

"Was that not a gross violation of human rights?" she asked. "What does the world have to say about that?"

Any discussion about the killings provokes strong feelings in the prime minister, whose eyes brim with tears at the recollection.

In the reception room of her office, where she greets visitors in a gleaming white abaya, a full-length hooded gown worn by Muslim women who have made the pilgrimage to Mecca, she sits beneath a large painting of her father. At either end of the room are photographs of the family members who died with him, including Sheikh Hasina's youngest brother, Sheikh Rasel, who was 10.

At the trial, the prosecution case recounts events that have never been disputed, partly because the assassins, in the heady period after the overthrow, gave their own triumphant accounts.

Attacking just before dawn, several of the army officers now under indictment, along with civilian co-conspirators, shot their way into Sheikh Mujib's home on Road No. 32 in Dhaka's plush Dhalmondi district.

They gunned down the first family member to confront them, one of Sheikh Mujib's sons, then went upstairs to the family's living quarters, machine-gunning the Sheik as he emerged from his bedroom.

Moments later, the other members of the family, including Begum Rahman, the Sheik's wife, were shot. Other relatives were killed in a similar attack in another Dhaka home.

The military government that took over sought to distance itself from the brutality by rounding up the army majors who had led the attack and sending them abroad, first to Libya, then to diplomatic posts around the world. But suspicions lingered that the real mastermind might have been General Zia, who was deputy army chief at the time.

Critics of the trial have called it illegal, because of a law passed by a Zia-controlled Parliament in 1978 that offered blanket immunity for all acts committed in the overthrow of Sheikh Mujib's government. The current government repealed the law shortly after taking power last year, at a time when opposition politicians led by Begum Zia were boycotting the new Parliament.

Supporters of Begum Zia say that if Sheikh Hasina had really wanted to entrench the rule of law, she would have halted the cycle of retribution in Bangladeshi politics by drawing a line under the 1975 killings and leaving those responsible, mostly men now in their late 50s and 60s, to enjoy an untroubled retirement.

By putting the conspirators on trial, the critics say, Sheikh Hasina is trying to rewrite the history of her father's tenure. Even supporters of Sheikh Mujib acknowledge a shift at that time toward one-man rule; suppression of independent newspapers and other forms of criticism, and violence against opponents.

"The facts are admitted — there was a plan, and there was a killing," said Mahbubur Rahman, chief defense counsel in the trial, who is no relation to Sheikh Mujib. But Mr. Rahman — who is basing the defense on claims that the conspirators were motivated by a desire to rid Bangladesh of what was becoming a dictatorship — said Sheikh Hasina should worry for herself.

"She should consider," he said. "Perhaps in two or three years Begum Zia will come back to power, the tables will be turned and these so-called killers will walk free."

But many Bangladeshis believe that the real reason Begum Zia and her supporters oppose the trial is that it may discredit General Zia.

Early arguments have focused on the only woman indicted, Zobaida Rahman, wife of one of the army majors who fled abroad. She is said to have admitted to meeting General Zia, along with others, in the summer of 1975 at the main military barracks in Dhaka, where according to her alleged confession the general is said to have told the conspirators, "Unless you do something, the fate of this country cannot be changed."

Mrs. Rahman has recanted the confession, saying that she made it because interrogators held her down and threatened her with attack dogs.

A Changing Role for 'Asia's Finest'

Hong Kong's Police Vow Not to Turn Into Oppressors After Handover

By Keith B. Richburg
Washington Post Service

HONG KONG — Police Launch No. 32 sliced through the murky gray-green waters of Aberdeen, navigating the narrow path between fishing junks, sampan taxis and the gaudy Jumbo floating seafood restaurant. Finally, the policemen settled on a huge vessel lying at anchor, and they swung into action.

The siren screeched, the blue light flashed, and PL 32 sidled up alongside the suspicious trawler.

"This is our bread and butter, these sorts of vessels," Rob Morley, an officer, said as the policemen scrambled over the side and began their brisk inspection of what turned out to be a legal cargo in containers beneath the deck.

Six years ago, when Mr. Morley left Britain to sign on as a member of the Royal Hong Kong Police in the crown colony, routine inspections like this one for smugglers almost always netted results. "Now there's not a lot to do," Mr. Morley said as the policemen checked the paperwork of the family members living aboard the junk. Smuggling goes on, but it goes by land. "We're more like traffic cops," he said.

There may not seem to be much to do for this crew now, but Hong Kong's 27,000-member police force is inheriting a big job with expanded powers and responsibilities once this colony reverts to rule by China on July 1. With the Royal Navy all but gone, and the remnants of the British Army garrison winding down in preparation for withdrawal by midnight June 30, it falls to the police to be the enforcers of Hong Kong's borders, land and sea.

Without the Royal Navy and marines providing backup, the police force alone must maintain the peace and pursue the smugglers, relying on their own arsenal.

The incoming government of Tung Chee-hwa, China's chief executive for Hong Kong, is proposing to give the police broad new powers. Under Mr. Tung's proposals, set to be adopted after China takes charge July 1, the police will have the power to ban public rallies or demonstrations on the grounds of protecting China's national security.

How the police perform in their new role will have major consequences for political life in Hong Kong and for China's promise to allow it a high degree of autonomy. Waiting in the wings if the police fall down will be more than 6,000 Chinese troops.

The Chinese Army is widely disliked and feared here because of its role in the massacre of demonstrators that ended the pro-democracy protests at Beijing's Tiananmen Square in 1989. The Basic Law, which is the agreement laying out how Hong Kong will be governed after July, says that after the transfer, the Hong Kong government "may, when necessary, ask the central people's government for assistance from the garrison in the maintenance of public order and in disaster relief."

The document also gives Beijing the right to declare a state of emergency in Hong Kong whenever there is "turmoil" that threatens China's "national unity or security."

Troops can be called in by the chief executive to deal with an "internal security situation," said Ng Ching-kwok, the senior assistant police commissioner and the director of operations. "But only if the situation gets out of hand. Sitting here, I can assure you — I won't let it get out of hand."

The first major test will come early — the day of the handover. Police are bracing for a week or more of demonstrations, rallies, possibly even a sit-in by members of the soon-to-be-abolished local legislature in the legislative chambers to protest their removal.

"Our contingency planning takes into consideration all of these possibilities," Mr. Ng said. With large numbers of heads of state and other VIPs expected to attend the ceremonies, the police are aware that many dignitaries "bring their own problems with them," as a senior officer put it.

Opinion surveys generally show that Hong Kongers support the police, and, because of the vigorous work of an Independent Commission Against Corruption, the force largely has shed its earlier reputation for graft and abuse. The police are widely called "Asia's finest," and statistics indicate that Hong Kong is one of the world's safest cities.

But an enhanced role for the police in a Chinese-run territory is raising the issue of whether the force could become an instrument of repression under the new regime.

The police are doing their best to dispel that fear. "People aren't going to wake up on July 1 to see policemen in green uniforms with stars on their shoulders armed with Kalashnikovs," said Chief Superintendent Harry Blud, the police spokesman. "We're not going to turn into a truncheon-wielding gang of oppressors."

"Apart from changes to our uniform insignia, there won't be any other changes," Mr. Ng said. He said the police consistently have shown wide tolerance toward demonstrators, without regard to the content or cause of their protest, and that was unlikely to change.

But some here are wary. "In terms of how the authorities will use the police," said Emily Lau, a legislator speaking while marching in a demonstration against the new police powers, "I have no illusions. They, the police, will do what they are told."

Another question is what role, if any, China's public security bureau will play in Hong Kong. The Basic Law gives the Communist government in Beijing a role to play in defense and foreign affairs here, and orders the local government to draft laws against treason and subversion. But will Chinese security agents become active here in tracking, even apprehending, dissidents as potential threats to China?

"We don't know," said James To, a lawyer and a Democratic Party member of the legislature who specializes in police matters. "Formally or informally, they won't tell you."



Peter Parks/Agence France-Presse

CHALLENGE — Christine Loh, a Hong Kong legislator, announcing Sunday the formation of her Citizens Party. She expressed "serious alarm" at the outlook for civil liberties under Chinese rule.

Both Koreas' Red Cross Officials Meet on Food Aid

By Steven Mufson
Washington Post Service

BEIJING — With the threat of widespread famine looming in North Korea, Red Cross officials from North and South Korea held their first meeting in five years over the weekend to try to resolve disputes blocking deliveries of emergency food aid from the South.

The two delegations held talks Saturday for two hours at a hotel here.

Officials of the International Committee of the Red Cross said the delegates had discussed three issues: what route the food aid would take to North Korea, how South Korean aid packages and bags would be labeled and how the delivery of the food would be monitored to make sure it got to the poor and hungry instead of the military and privileged others.

There was no resolution of the issues, but the two sides are to consult with their governments and reconvene Monday.

South Korea wants its food aid to go through a border point along the Demilitarized Zone where the truce ending the 1950-53 Korean War was signed. Currently all food aid to North Korea either travels by rail from China or arrives at the North Korean port of Nanpo.

South Korean Red Cross officials also want the bags and packages of food clearly marked as coming from South Korea, a point the North Korean government is likely to resist because it would represent an embarrassing admission of failure in the Communist North, which has long preached self-reliance.

Whether the food reaches the truly needy is also a key issue for donors. Visitors to Pyongyang see little sign of famine or hunger, raising suspicions that the government is giving priority to people living in the capital.

The last intra-Korean Red Cross talks were held in August 1992 in Panmunjom, the only border crossing point between the two Koreas.

■ U.S. and the North Talk About MIAs

Talks between the United States and North Korea over the fate of American servicemen missing from the 1950-53 Korean War opened Sunday at an undisclosed location in New York, The Associated Press reported, quoting a U.S. Defense Department spokeswoman, Lieutenant Colonel Joan Ferguson. She said the talks would last several days.

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BRIEFLY

50,000 in Taipei Protest Crime

TAIPEI — More than 50,000 demonstrators lay on the boulevard in front of Taiwan's presidential office Sunday to protest the government's failure to check violent crime.

Shocked by the recent kidnapping and murder of an actress's teenage daughter, the protesters demanded the resignation of Prime Minister Lien Chan.

Carrying signs that read "Outrage" and "Grieve," the crowd called on President Lee Teng-hui to apologize and on Mr. Lien to resign.

"We demand a reshuffle of the cabinet," a protest leader said, reading a statement in four languages spoken by ethnic groups in Taiwan.

In the latest of a string of violent crimes in the last year, the police found the body of Pai Hsiao-yen, the 17-year-old daughter of the actress Pai Ping-ping, floating naked in a river last month.

The kidnappers, who remain at large, strangled her with two ropes, bound her hands and sank her in the river with weights.

Activists said the murder was a stark example of how the government was failing to protect its people.

The rally, despite the presence of several party banners, remained largely nonpolitical. *(Reuters)*

No Losses as Phuket Ferry Sinks

BANGKOK — A ferry carrying 600 tourists sank Sunday after hitting a reef near an island off the beach resort of Phuket, but all those aboard were believed to have been rescued, the police said.

There were no reports of anyone missing or seriously injured, said Lieutenant Peerapat Thingnga of the Phuket police.

The tourists, most of whom were Thais vacationing during a long holiday weekend, were picked up by fishermen plying the waters near Flower Island, about 24 kilometers (15 miles) from Phuket in the Andaman Sea.

A significant number of foreigners were among the passengers, however, because Phuket, 650 kilometers southwest of Bangkok, is Thailand's most popular island resort with foreign tourists.

The boat, the King Ferry, hit the reef about 10 A.M. Lieutenant Peerapat said that there were life jackets for everyone aboard and that the boat took nearly an hour to sink, giving the fishermen ample time for the rescue. *(AP)*

Australian Politician Is Pelted

SYDNEY — The Australian politician Pauline Hanson was the target of heavy criticism Sunday as politicians, demonstrators and business leaders attacked her policies as divisive and ignorant.

The criticism followed a protest in Western Australia state, where tomatoes, eggs and insults were hurled at Ms. Hanson as she arrived for a fund-raising breakfast in Perth.

Ms. Hanson, who set off a bitter race debate last year, was surrounded by policemen and security guards and was unhurt.

Malcolm Fraser, a former Australian prime minister, joined other officials in attacking Ms. Hanson's policy of restricted immigration, describing it Sunday as repugnant and offensive.

"One thing is certain, her white, Anglo-Celtic Caucasian Australia would become full of racial discord and bitterness," Mr. Fraser said.

Opinion polls last week showed that Ms. Hanson is attracting an increasing number of voters disillusioned with major parties. One poll said that about 10 percent of the voters support her One Nation Party. *(Reuters)*

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Blair Puts Spin Doctor in Cabinet

Labour's Diverse Government Includes 5 Women

LONDON — Britain's new prime minister, Tony Blair, gave a ministerial post Sunday to Peter Mandelson, the man who meticulously plotted the Labour Party's crushing election victory.

A government spokesman said Mr. Mandelson would become minister without portfolio to help carry out government policies and present them effectively to the public. Mr. Blair also appointed Doug Henderson to be the new minister for Europe.

Mr. Henderson was to meet Mr. Blair and Foreign Secretary Robin Cook to discuss a European Union meeting scheduled Monday, when Britain is set to take the first step toward signing the EU's Social Charter on workers' rights.

Geoffrey Robinson, the former chief executive of the British carmaker Jaguar, was appointed paymaster-general at the Treasury. He will be responsible for luring private cash into public infrastructure projects.

Helen Liddell, the former Scottish affairs spokeswoman, was made a minister of state at the Treasury.

Mr. Blair made most of his cabinet appointments Saturday, and while there were no surprises, there were many firsts: He appointed a record five women, a blind man and an openly gay man.

Analysts said it was a strong and knowledgeable cabinet: Almost all its members served in Labour's shadow government in the House of Commons, and all have known one another for years.

But those strengths are also the cabinet's greatest potential weakness. Its members bring numerous long-standing rivalries — political, ideological and personal — which is perhaps inescapable in a system where almost everyone in power is drawn from the same pool, the House of Commons.

The chancellor of the exchequer, Gordon Brown, is a power center unto himself. He has his own loyal party following and was a rival of Mr. Blair's for the party leadership. It appears that Mr. Brown, who has longed to live at No. 10 Downing Street, will get to do so. The Blairs have decided that the small apartment that is the traditional home of the prime minister is not large enough for their family of five. They are looking at No. 11 next door, traditionally the chancellor's residence.

David Blunkett, who is blind, was appointed education and employment secretary; Marjorie (Mo) Mowlam was named Northern Ireland secretary; Chris Smith, the first openly homosexual cabinet member, will be national heritage secretary; and George Robertson was appointed defense secretary. Margaret Beckett is the new trade and industry secretary, and Ann Taylor is leader of the House of Commons.

The Labour government will adopt a policy of "constructive engagement" in the European Union, Mr. Cook, the foreign secretary, said in an interview published Sunday.

"We want to take Britain out of the position of isolationism, out of inward-looking chauvinism and into being a leading member of the international community," Mr. Cook was quoted as saying in The Observer newspaper.

The Conservative government, defeated by a landslide in national elections on Thursday, was wracked by divisions over Europe.

Labour is pledged to improve relations with the EU. While Labour plans to sign the Social Charter on workers' rights, the Conservatives refused to endorse it.

However, like the Conservatives, Labour has a noncommittal attitude toward a single European currency, which is supposed to start in 1999.

Mr. Cook said Britain would sign the Social Charter at the EU summit meeting in Amsterdam that begins June 16. EU members are expected to finalize a new Union treaty at the meeting.

(Reuters, AP, WP)

Britain Won't Return Elgin Marbles

Reuters

LONDON — Chris Smith, Britain's new heritage secretary, on Sunday ruled out returning the so-called Elgin marbles to Greece.

"We decided it was not a feasible or sensible option; we won't do it," Mr. Smith said on BBC television.

The return of the Classical sculptures, brought to London nearly 200 years ago from Athens, has been a long-standing Greek demand.

Hopes had risen in Greece that with Tony Blair of the Labour Party having won Thursday's election in Britain, the return of the treasures might be at hand. But Mr. Smith said the sculptures were an integral part of a British Museum collection that is visited by millions of people each year.

"It would make no sense at all to split up the British Museum collection in that way," he said. An entire room in the museum is dedicated to the Elgin marbles. Other opponents of the return have said the British Museum has protected the sculptures from damage, especially from air pollution in Athens that has eroded other Classical sculptures.



Fiona Hanson/Agence France-Presse

BRITAIN'S FIRST KITTY — A policeman petting Humphrey, the famous Downing Street cat, on Sunday in front of Mr. Blair's residence.

In Serbian City, Failure Splits Apart 'Together'

By Jonathan C. Randal
Washington Post Service

NOVI SAD, Serbia — After just four months in office, Mayor Mihaljo Slivar lamented between sips of plum brandy, the Together opposition coalition to which he belongs has "turned victory into complete defeat" here in Serbia's second-largest city.

Even worse, he said in an interview, is the likelihood that the opposition's failure in the capital of Serbia's agriculturally rich, northern Vojvodina region is a preview of presidential and parliamentary elections later this year.

The mess his political friends have wrought, Mr. Slivar said, is even more astounding than the worldwide prestige that the opposition coalition gained last winter in defying President Slobodan Milosevic's efforts to steal municipal elections.

After a three-month campaign of street protests, Mr. Milosevic was forced to acknowledge opposition victories in 14 Serbian cities, including Belgrade, where his government sought to annul election results last November and stage new votes.

The victory raised hopes among many Serbs that their opposition to Mr. Milosevic could expand to a national movement in the coming presidential and parliamentary votes.

But the sad performance here and elsewhere in towns that elected opposition leaders already has deflated those hopes considerably.

Unlike the results in Belgrade and the 13 other cities, Mr. Milosevic accepted the vote in Novi Sad immediately. But as elsewhere, when his Socialists vacated city hall they left behind an empty treasury and unpaid bills.

A lack of money, however, was not the principal cause of the coalition's undoing in Novi Sad, Mr. Slivar said. The mayor blamed himself and his partners.

Two of the coalition's principal parties, Vuk Draskovic's Serb Renewal Party and Zoran Djindjic's Democratic Party, quarreled so loud and long that Together no longer lived up to its name among the Serbs and the 28 other ethnic communities making up Vojvodina's population, he said.

Mr. Slivar blamed "leaders and their vanities, political fighting between my Serb Renewal Party and the Democrats and fighting within my own party."

He added, "I was surprised, but not shocked, by the degree of paranoia and schizophrenia in Serb politics."

Mr. Slivar said he was "in trouble from the start for saying I was the mayor of all Novi Sad's citizens and taken to task for not being Gestapo-like enough in purging Socialists."

He cited his refusal to fire a competent horticultural engineer, who was running Novi Sad's parks department, simply because he was a Socialist.

"I asked our party members if one of us could do as good a job, and a woman with a high school education raised her hand and said she wanted and deserved the job," he said. "I asked why and she replied, 'Because I like flowers.'"

The coalition's local partners recently split, playing into the hands of increasingly popular politicians who advocate autonomy for the region. Their Vojvodina Coalition is determined to restore the region's autonomous status, which Mr. Milosevic abolished in 1989 in Serbia's centralizing surge of nationalism that set in motion Yugoslavia's split and the wars in Bosnia and Croatia.

Capitalizing on Together's squabbles, the three-party pro-autonomy coalition is now backed by 70 percent of the local population, according to polls, which the mayor did not dispute.

Last week, six of the mayor's own Serb Renewal Party members on the 70-seat municipal assembly bolted to the autonomists, depriving Together of its majority. Mr. Slivar intimated that he and 15 others might follow soon.

An autonomist leader, Nenad Canak, called the local government's failure "totally predictable."

Along with the mayor, Mr. Canak criticized Together's officials in Belgrade for micromanaging the slightest decisions, which they said would have been best left to Novi Sad.

"Together in office proved incompetent and is discredited," Mr. Canak said. "It has no ideas, no programs and is just against Milosevic.

"We are also against Milosevic. He remains our number one enemy, but we do have ideas and a program."



Goran Tomasevic/Reuters

Jovanka Broz, widow of Tito, the former president of Yugoslavia, mourning at his grave in Belgrade on Sunday, the 17th anniversary of his death.

Ankara Assailed Over TV Closure

Agence France-Presse

ANKARA — The closing of a private television channel after a broadcast implicating Foreign Minister Tansu Ciller's husband in corruption led to fresh political turmoil Sunday in Turkey, with even a cabinet minister criticizing the move.

"This is a sad move that will be corrected," said Defense Minister Turhan Tayan, a member of Mrs. Ciller's True Path Party.

The opposition Motherland Party said, "This is an indication that the government will crack down on media members broadcasting against the wills of the political power."

The police raided the headquarters of Flash TV in the city of Bursa Saturday evening, shutting it down one day after the channel's Istanbul studios were attacked by unidentified armed men. It resumed broadcasting in the Bursa area Sunday but was not able to broadcast to the nation via satellite. The Communications Ministry said Flash TV "lacked permission to broadcast via Radiolink systems."

In Turkish Village, Death by Cancer Is a Fact of Life

By Stephen Kinzer
New York Times Service

KARAIN, Turkey — Although this place looks like any small farming village in central Anatolia, people in the area believe it bears a curse.

For the last several decades, and perhaps for much longer, the leading cause of death in Karain has been cancer. No one here is quite sure why, but the stark facts of death hang over Karain like a dark cloud and have given it a deep stigma. People don't want to buy farm or dairy products that come from Karain, so they must be sold at low prices to middlemen who disguise their origin. Women deny that they are from the village out of fear that if they tell the truth, no man will marry them.

"The worst of it is that when you get any kind of pain and go to a hospital, the minute you say you're from Karain they send you to the cancer ward," said Mustafa Eser, an environmental health technician who was sent here by the Turkish government six months ago.

Even the name of the village is tied to illness. It is said to be derived from the Turkish word "*karin*," which means abdomen, supposedly a reference to the number of people in the village who suffered from abdominal pains.

On the main street one day recently, several people refused to talk to a visitor about the health situation.

"Nobody is sick here," a young man said. Told that doctors in the region had testified to the contrary, he relented. "Well, it's true," he said. "We don't like to talk about it. The sick people are not in bed. They're out working and trying to live normally. It's just better for everyone not to dwell on it."

'The worst part of it is that when you get any kind of pain and go to a hospital, the minute you say you're from Karain they send you to the cancer ward.'

Villagers have varying explanations for the cancer cases, most of which affect the lungs and liver. Some suspect there may be silicon dust in the volcanic stone from which many local homes are built. Others blame asbestos in the earth or water from local wells.

"I think it could be from the stress we live with here," said Ali Dogan, 29, a farmer whose uncle and grandfather died in their 30s. "People here are very competitive, very greedy. They work too hard."

Dr. Izzettin Baris of Hacettepe University in Ankara, who spent four years studying patients in Karain and later published a study of the epidemic, said he believed the cause was erionite, an asbestos-like fibrous mineral in the powdery soil that villagers use for whitewash, insulation, plaster and as a substitute for baby powder.

"This is a 100-year-old epidemic, but records have only been kept since 1973," he said. "The problem is only in Karain and two other villages very close by. Of the 300 people who were examined in Karain, 150 had cancer. Similar percentages were found in Sarihidir and Tuzkoy. By chance, these three villages were built on a spot where the soil contains erionite. No other village has the problem."

The leading causes of death in Turkey as a whole are heart and cardiovascular diseases. According to statistics compiled in 1994, cancer accounted for about 8 percent of the country's deaths. Doctors estimate that the rate in Karain and the two nearby villages is 5 to 10 times that.

Several years ago, the government offered to move the 4,000 people who live in Karain and the two other afflicted villages to a site about six kilometers (four miles) away. Residents did not believe that such a modest move would help, and countered by asking for a tract on a verdant prairie 25 kilometers from Karain. No decision was ever made, so here the villagers remain.

A doctor in the nearby town of Urgup, Ferit Kuz, said many villagers in Karain consider the cancer plague to be a fate they cannot escape.

"They accept it as their destiny," he Dr. Kuz said. "If they get sick, they don't go to a doctor. Even if they have a small problem like a bronchial infection, they are afraid that if they go to a doctor they'll be told that they have cancer. So the cancer situation means that a lot of them die of other diseases that are curable. Taken together it's a public health tragedy, and no one seems to be doing anything about it."

BRIEFLY

French Polls Show Left Catching Up

PARIS — A second opinion poll in 24 hours showed Sunday that French leftist parties were catching up on the governing center-right majority ahead of the May 25-June 1 general election.

The poll, to be published in the conservative daily Le Figaro, showed the left would win 262 seats and the center-right 291 of the 555 in France. The poll did not take into account 22 seats in overseas territories.

The same SOFRES poll, conducted a week ago, gave the left 225 seats and the center-right 329.

A separate poll, published earlier in the Journal du Dimanche, first showed the rise in pro-leftist votes. It predicted the left would win from 255 to 285 seats and the center-right from 269 to 299 seats, figures also significantly higher than those found by the same poll a week earlier. *(Reuters)*

French Minister To Leave Hospital

PARIS — Culture Minister Philippe Douste-Blazy is expected to leave the hospital in two or three days after being seriously wounded in a knife attack while campaigning in southern France, officials said Sunday.

The minister was stabbed in the back by a mentally unstable man Friday evening while on the election trail in Lourdes, where he is mayor.

President Jacques Chirac had a long telephone conversation with him Sunday, the Elysee Palace said, reporting that he would probably be allowed out of the hospital by midweek, but would have to convalesce for some time. *(AFP)*

Berlusconi Leads Opposition Attack

MILAN — More than 100,000 supporters of Italy's main opposition center-right bloc packed the cathedral square in central Milan over the weekend in an anti-government rally a week before runoffs in key mayoral elections.

"A coalition of powers is increasingly threatening our well-being, our democracy, our future and the freedom of our children," Silvio Berlusconi, the center-right leader, told cheering crowds at the demonstration Saturday.

The center-left government is "a regime disguised in white gloves," he said. "It is a left impregnated with ideology, with communism."

Mr. Berlusconi has stepped up his attacks on the government since center-right candidates took the lead in mayoral elections in the northern cities of Milan and Turin in the first round of voting last week. Runoffs will be held May 11. *(Reuters)*

Bonn to Maintain Cool Ties to Tehran

BONN — Germany will remain cool in its relations with Iran following Tehran's decision last week to refuse to readmit the German ambassador, a Foreign Ministry official said Sunday.

In an interview Sunday with the radio station Deutschlandfunk, Werner Hoyer, a foreign affairs official, said Bonn sought to maintain a "very cool and reasoned" attitude and wished to observe political developments within Iran "with detachment and tranquillity."

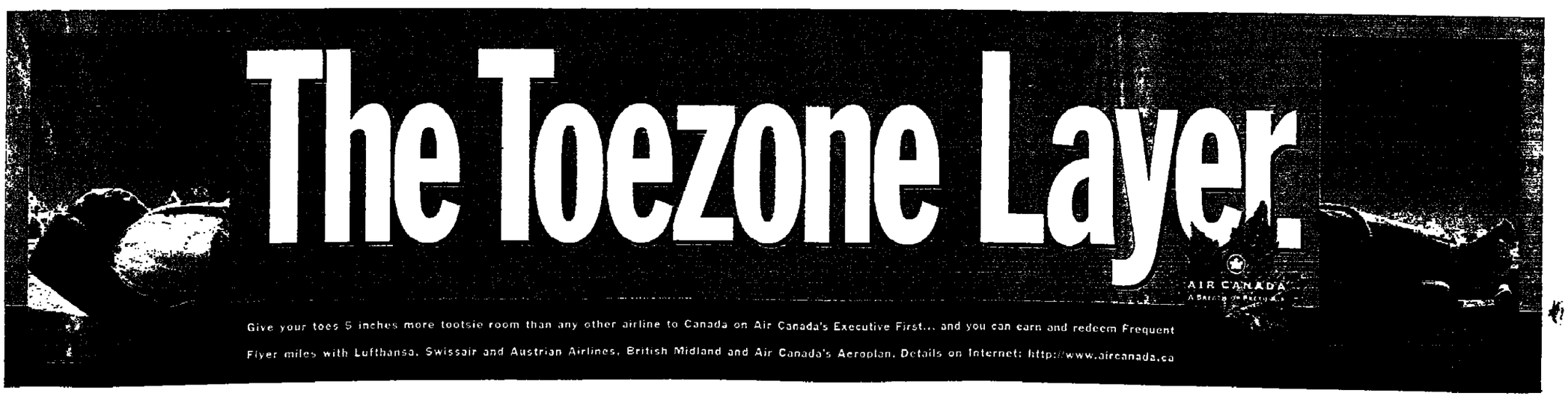
Iran's ability to resume dialogue with Europe "does not depend on the manner in which the Europeans reacted to such bullying," the official added. *(AFP)*

The EU This Week:

International Herald Tribune

Significant events in the European Union this week.

• National negotiators to the intergovernmental conference on EU reform meet in Brussels on Monday and Tuesday, providing the first chance for Britain's new Labour government to signal its acceptance of European labor legislation in the Social Charter as well as greater flexibility on increasing the use of majority voting.



INTERNATIONAL

Risk Down South: Clinton Raises Stakes in Trip to Back Mexican Leader

By Thomas W. Lippman
Washington Post Service

WASHINGTON — After four years of heavy political investment in Mexico, President Bill Clinton will raise the ante again this week with his first visit to a country that has climbed to the top of the administration's national security agenda.

Despite doubts among some administration officials and independent analysts about Mexico's prospects for controlling drug trafficking and achieving political stability, the White House is pursuing its policy of supporting President Ernesto Zedillo and seeking cooperation on trade, narcotics, immigration issues and the environment.

In some ways, Mr. Clinton's policy toward Mexico resembles his policy toward Russia. As with Russia, Mr. Clinton has adopted a policy in Mexico of embracing the president, expanding government-to-government cooperation and encouraging economic expansion in the hope that democracy and order will prevail over crime and violence.

Long a state dominated by a single party and with a mostly closed economy, Mexico, like Russia, is passing through a political and economic transformation that could threaten crucial U.S. interests if it goes awry.

Mr. Clinton's three-day trip starts Monday. He is scheduled to meet Tuesday with leaders of Mexico's two principal opposition parties, as well as prominent members of the Institutional Revolutionary Party, to show U.S. support for a pluralistic political system.

Throughout the Cold War, foreign policy strategists in Washington had little interest in Mexico. It was politically stable and economically marginal, and generally steered clear of the proxy struggles between the United States and the Soviet Union that engulfed many developing nations.

Now, a politically volatile Mexico is the third-largest U.S. trading partner. It is decentralizing political power and opening its markets, trends that Washington supports but also fears because they create opportunities for drug traffickers and other criminal gangs.

And under the Clinton administration's definition of national security, which includes issues such as immigration, organized crime and environmental degradation, Mexico is a major foreign-policy concern.

Some Clinton administration officials are much less optimistic than others. The skeptics say they share a view widely held among independent analysts that Mexico is incorrigibly corrupt and that its political leaders are unable or unwilling to respond to U.S. concerns about the drug traffic.

One of the most outspoken advocates of this view, the administrator of the Drug Enforcement Agency, Thomas Constantine, told the Senate Foreign Relations Committee recently that "there is not one single law enforcement institution in Mexico with whom the DEA has an entirely trusting relationship."

Summing up the pessimistic view of Mexico, George Grayson, a professor at the College of William and Mary, wrote recently that "ruthless drug barons wield mounting political influence throughout the country."

"Zedillo's diminution of presidential power will make it extraordinarily difficult for the chief executive to combat drug trafficking and could open the door to Mexico's 'Colombianization,'" he asserted.

Mr. Clinton, however, has repeatedly chosen to engage and support Mexico. The president first put his political influence on the line for Mexico in 1993 to win Senate approval of the North American Free Trade Agreement. Then he arranged a rescue package for the Mexican economy. Earlier this year he rejected the counsel of some of his senior aides and certified Mexico as a good-faith partner in the anti-narcotics campaign.

Senior White House and State Department officials who support this policy said Washington had no choice.

For better or worse, the officials said, Mexico commands attention and stroking from north of the border. It has a population approaching 100 million, a growing economy and a besieged governing party that may be on its last legs.

"There are lots of countries toward which you have policy options," a senior administration official said. "Mexico isn't one of them. You have to make every effort to help Mexico make the political adjustments to promote economic growth and address the aspirations of its citizens in a way that makes them want to stay home. Either you do that or you build a bigger wall along the border, which is not a feasible option."

■ Zedillo Draws Line

Sam Dillon of The New York Times reported from Mexico City:

President Ernesto Zedillo has strongly rejected two proposals by U.S. law enforcement officials aimed at improving security for U.S. drug agents in Mexico and at detecting police corruption. He characterized the proposals as outrageous encroachments on Mexican sovereignty.

There can be "no further discussion" of a request that U.S. anti-drug agents receive official permission to carry side arms in Mexico for their own security, Mr. Zedillo said in an interview. He also dismissed a proposal that U.S. officials administer polygraph tests to Mexicans applying for sensitive posts in the country's troubled anti-drug agencies.

"That's ridiculous!" Mr. Zedillo said. "Imagine if I told President Clinton that we want to have a hearing in Mexico to accept his attorney general!"

"There is a line that's been drawn very strongly, and that is our sovereignty," Mr. Zedillo said.

His statements and the vehemence with which he made them suggested that he was moving to pre-empt any U.S. arm-twisting for agreements on anti-narcotics issues during Mr. Clinton's visit, especially since domestic critics of Mr. Zedillo have said he has been too meek in dealing with the U.S. government.

Mandela Steps Up to Bat

Events Force Reluctant South African To Step In as Continent's Heavy Hitter

By Barbara Crossette
New York Times Service

Soon after the 1994 election in South Africa, when President Nelson Mandela's heroic stature gave new moral authority to his country's already substantial economic and military power, world leaders began urging him to take an active role in solving his continent's seemingly intractable problems.

Mr. Mandela told those petitioners — among them the secretary-general of the United Nations, Boutros Boutros Ghali, and his successor, Kofi Annan — that he had too much work to do at home, as South Africa made a sometimes-rocky transition to democracy.

In recent weeks, as the rebellion in the huge nation of Zaire gained force, that reluctance dissipated. Now, Mr. Mandela, in his effort to bring about negotiations between the leaders of the warring factions, is at the center of a historic moment for Africa.

Diplomats who have watched South Africa's transformation from a pariah state to the continent's great hope say a number of factors have played a role in Mr. Mandela's progression to that South African ship off the Congo coast.

Although there is still unfinished business in South Africa, the overall situation seems less tense and potentially explosive, diplomats and UN officials say. The South African Truth Commission continues to expose the crimes of the apartheid era, and may now be about to hear confessions about the violence committed by the leadership of the governing African National Congress when it was an armed opposition.

Mr. Mandela, 78, has also distanced himself over recent months from many day-to-day tasks of government, turning them over to his deputy president and designated successor, Thabo Mbeki.

Mr. Mbeki, who is with Mr. Mandela on his Zaire peacemaking mission, is increasingly the official to whom world leaders speak about policy details, while Mr. Mandela has been freed to devote more time to African statesmanship.

Mr. Annan, a Ghanaian with an African network of his own, has told the continent's leaders on several public and many private occasions that the world can help them and their faltering economies only if they commit themselves to better government, free of corruption, and greater efforts to end conflicts.

In Angola recently, where decades of civil war virtually destroyed one of Africa's naturally richest countries, Mr. Annan stood by Jonas Savimbi as the rebel leader who had kept the war going by balking at agreements told his followers that Mr. Annan is "a black man like us, and somebody we can trust."

For many Africans, Mr. Mandela is that and more.

Mr. Annan's spokesman, Fred Eckhard, said Friday that both President Mobutu Sese Seko of Zaire and Laurent Kabila, the rebel leader, were "comfortable" with a leading role for Mr. Mandela and South Africa.

Until Mr. Mandela took on the task of persuading Marshal Mobutu, one of the continent's most durable dictators, to agree to an orderly transfer of power and at least give Zaire the chance, if not the certainty, of avoiding wider bloodshed, the South African president had mixed success with lower-keyed interventions in African trouble spots.

Since his election in 1994, he has taken part in — though usually did not lead — African efforts to settle disputes in Angola, Algeria, Burundi, Lesotho, Sudan and Swaziland. Only in Lesotho was he personally able to reverse a coup.

He disappointed many diplomats by not taking a bigger role in the continuing conflict between Hutu and Tutsi in east-central Africa, involving cross-border violence and the displacement of people in Rwanda, Burundi, Uganda, Tanzania and Zaire. Reports by independent research organizations found that South African arms sales were contributing to the fighting in the region. Mr. Mandela has vowed to halt the trade.

Most disappointing to Mr. Mandela, South African officials and Western diplomats say, was the failure of his mission to save the life of the Nigerian civil rights and environmental activist Ken Saro-Wiwa, who was executed with eight of his colleagues in 1995. Mandela had sent several personal representatives to seek clemency from Nigeria's military leader, General Sani Abacha; among them Foreign Minister Alfred Nzo and Archbishop Desmond Tutu.

Mr. Mandela also failed to win wide support for strong sanctions against General Abacha after the executions, carried out in the face of worldwide protest. U.S. diplomats said that Mr. Mandela had been let down by fellow Africans who did not want to set a precedent for what they saw as interference on human-rights grounds. The impact of sanctions against apartheid South Africa seemed to have been forgotten.

South Africa, if not Mr. Mandela personally, did play a pivotal part in securing the indefinite extension of an international treaty barring the transfer of nuclear arms and weapons technology.

Joining the expertise of a white-led nuclear establishment to the new government's influence among developing nations, the South Africans were able to win wider support for the extension of the treaty by suggesting pledges by the nuclear powers that would go a long way in meeting the concerns of nonnuclear nations. In those negotiations, South Africa established a place for itself as a bridge between the world's most powerful countries and the weaker nations of the Third World.



Philip Wojazer/Agence France-Presse

President Nelson Mandela of South Africa greeting members of the crew of the navy ship Outeniqua in the harbor of Pointe Noire, Congo.

BRIEFLY

Arafat and Weizman To Meet on Tuesday

JERUSALEM — The Palestinian leader Yasser Arafat is to meet Tuesday with President Ezer Weizman of Israel in an effort to lay the groundwork for the resumption of peace negotiations.

The U.S. special envoy to the Middle East, Dennis Ross, is expected to follow up that meeting with a visit to the region later in the week.

The flurry of diplomatic activity raised hopes Sunday that the downward slide of the peace process had been braked, and that real progress was being made toward restarting talks.

Negotiations broke off in March after Israel began construction of a housing project for Jews on a hilltop known to the Israelis as Har Homa and to the Palestinians as Jabal Abu Ghneim. *(AP)*

2 Towns Recaptured, Taleban Militia Says

PESHAWAR, Pakistan — Afghanistan's Taleban Islamic militia said Sunday that it had recaptured two towns from opposition forces in the eastern province of Kunar, bordering Pakistan.

A Taleban spokesman said the militia took Shegal, about 12 kilometers (7.5 miles) east of Asadabad on Sunday morning, and Asmar, 30 kilometers to the northeast, at midday, according to the Afghan Islamic Press news service.

The service quoted the spokesman, based in the eastern Afghan city of Jalalabad, as saying that an opposition helicopter was seen picking up bodies of an unknown number of opposition fighters killed in Asmar, while one or two opposition jets bombed the area.

Two Taleban fighters were killed and two were wounded while five opposition fighters were arrested in Asmar, the spokesman said.

Earlier, the spokesman said five opposition fighters had been killed and 10 had been captured, while three Taleban fighters had been wounded during the battle for Shegal.

Asmar had been in the hands of anti-Taleban forces since early April and Shegal since mid-April.

The news service said clashes in the area in the past three weeks had resulted in the deaths of at least 15 Taleban, including a commander known as Arabistan, with more than 30 fighters wounded. Opposition losses in the same period were estimated at 21 killed and more than 50 wounded. *(Reuters)*

Iraq Urges Action On UN Food Deal

BAGHDAD — Iraq urged the United Nations on Sunday to speed up approval of contracts for food signed under the UN's oil-for-food deal, the official Iraqi News Agency reported.

Trade Minister Mohammed Mehdi Saleh told visiting UN officials that the committee supervising the deal had yet to act on contracts valued at $250 million, the agency said. He accused the United States of interfering in the committee's work.

Yasushi Akashi, director of the UN Department of Humanitarian Affairs, arrived in Iraq on Saturday to assess the deal and to determine whether Iraqis needed further supplies. The agency said Mr. Saleh told Mr. Akashi that Iraq already had funds in a UN-monitored account to purchase the food.

In December, the United Nations gave the go-ahead for Iraq to sell up to $2 billion worth of oil for an initial six-month period to buy food and medicine for its people, who are suffering the effects of nearly seven years of UN sanctions. *(AP)*

Vargas Llosa Pays Rare Visit to Lima

LIMA — The Peruvian novelist Mario Vargas Llosa arrived in Lima over the weekend on his second visit to his homeland since losing a 1990 election to President Alberto Fujimori.

He return is part of a Latin American tour to publicize his new book, "Don Rigoberto's Notebooks," and to receive an honorary doctorate from Lima University. *(Reuters)*

ZAIRE: *Mobutu Meets Kabila*

Continued from Page 1

takeover of Kinshasa, which, it is feared could spark a binge of looting by poorly paid and undisciplined government soldiers, and perhaps a last stand by Marshal Mobutu's ethnically loyal Presidential Guard.

Western diplomats say there are as many as 45,000 Zairian soldiers in Kinshasa, most of them from demobilized units or deserters. The remains of the Presidential Guard number about 15,000 men, but military experts say that the motivated core of this unit numbers no more than 2,000.

The diplomats have also been mounting a belated effort to ensure that Mr. Kabila does not seize power unchecked, potentially setting the stage for yet another Zairian dictatorship.

In recent weeks, Mr. Kabila, a lifelong revolutionary, has said that during a transitional period of undetermined duration he would rule with a government composed uniquely of his movement, the Alliance of Democratic Forces for the Liberation of the Congo.

Mr. Mandela and the rest of the South African delegation aboard the ship went out of their way to avoid the appearance that the talks had failed, but in a brief statement in which he spoke of Mr. Kabila, the South African leader said, "The question of a cease-fire is not in his vocabulary."

Earlier in the week, Mr. Kabila infuriated Mr. Mandela and President Bill Clinton's special envoy to Zaire, Bill Richardson, by failing to appear at the talks as scheduled, and reportedly going back on understandings that had led the mediators to believe that an agreement was at hand.

Mr. Kabila claimed the delays in his arrival were due to security concerns. A senior United States diplomat angrily dismissed that as "a flimsy excuse," and called Mr. Kabila a "liar" who was determined to "win power on his own terms."

On Wednesday, Marshal Mobutu gave Mr. Richardson a letter to Mr. Clinton in which he said that he had agreed to step down if "certain conditions" could be met, according to a senior member of Mr. Richardson's delegation.

Those conditions, though apparently not made explicit in the letter, reportedly involved a commitment on future elections and protection for Marshal Mobutu and his family.

Mother Teresa Aims to Visit Pope

Reuters

CALCUTTA — Mother Teresa, 86, recovered from serious illness last year, plans to visit the United States and Europe on her first trip outside India after stepping down as head of her religious order, a spokeswoman of the Missionaries of Charity said.

The spokeswoman said that the Nobel peace laureate was scheduled to leave May 14 and was expected to return by the first week of August. Her trip will include a meeting with Pope John Paul II.

Mother Teresa, beset by illnesses that forced her to be taken to a hospital three times last year for emergency care and heart surgery, stepped down as the head of the Missionaries of Charity this year.

On March 13, Sister Nirmala succeeded her as the head of the religious order.

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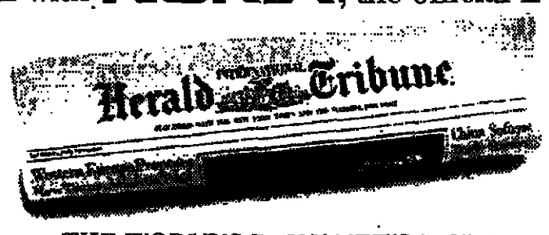
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THE WORLD'S DAILY NEWSPAPER

INTERNATIONAL

UN Juggles Fewer Troops and Less Cash to Keep Peace

By Paul Lewis
New York Times Service

UNITED NATIONS, New York — In 1994 the United Nations was running 18 peacekeeping operations around the world, fielding a total force of some 80,000 peacekeepers from 82 countries at an annual cost of almost $3.3 billion.

Today the United Nations is running 17 operations, but it has only 23,000 soldiers in the field, and its peacekeeping budget has shrunk to $1.3 billion.

Bernard Miyet, the former French diplomat who took over as undersecretary general in charge of peacekeeping this year, predicts that a year from now the peacekeeping troop numbers will be more like 10,000 to 15,000, as operations in Angola, Haiti and the Croatian region of Eastern Slavonia close down.

A small observer force is planned to oversee the recent truce in the civil war in Sierra Leone, but it will not begin operations until rebel leaders there accept its presence. Plans for another small operation to help evacuate refugees from eastern Zaire are similarly in limbo.

Meanwhile, the world is not short of conflicts, which the Security Council occasionally discusses without taking much action. Afghanistan and Zaire are obvious examples, along with Algeria, Somalia and Sudan. The sharp reduction in the size of peacekeeping operations reflects a new mood of caution within the Security Council and the United Nations as to what it can do.

The nub of the problem is that most conflicts are within countries rather than between them. Thus, the United Nations has at times been under pressure to send peacekeepers into a civil conflict to protect relief workers, though the antagonists were still not ready for peace.

As Shashi Tharoor, a special assistant to the UN secretary-general, Kofi Annan, put it: "As long as UN peacekeepers were deployed among and worked with the cooperation of the Bosnian Serbs, they were trapped in the basic conundrum that you can't make war and peace with the same people on the same territory at the same time."

No one involved in planning peacekeeping operations has forgotten what Mr. Tharoor calls "that dreadful summer of 1994," when the Security Council wanted to send 5,500 soldiers to try to quell genocide in Rwanda. A total of 19 governments that had collectively pledged to provide 31,000 troops for peacekeeping operations were approached. All declined to take part.

The UN financial situation is further hampering operations, with member states' unpaid peacekeeping bills now standing at $1.6 billion and unpaid regular budget assessments at $511 million.

Still, the relative success of the heavily armed NATO force policing the peace accord in Bosnia has produced what Mr. Miyet called "a consensus that peace-enforcement and serious peace-restoration campaigns will always be the responsibility of a coalition of interested countries using their own forces but with a green light from the Security Council."

This is the model Italy followed for the force sent to Albania recently to protect aid workers there. But when a truce is in danger of breaking down, Mr. Miyet said, "peacekeeping and light peace-restoration efforts" belong to the United Nations.

Pope Beatifies a Gypsy

Pontiff Calls Him Symbol of Racial Harmony

The Associated Press

VATICAN CITY — In a first for the Roman Catholic Church, Pope John Paul II on Sunday beatified a Gypsy, calling him a symbol of racial and cultural harmony.

Several thousand Gypsies from across Europe joined a crowd in St. Peter's Square to attend a Mass in honor of Ceferino Jimenez Malla and four other people beatified by the Pope. Beatification is the last formal step on the road to possible sainthood.

Mr. Jimenez Malla, 75, was killed by Republican forces during the Spanish Civil War in 1936. He was arrested for defending a priest and died refusing to renounce his faith, the promoters of his cause say.

"The blessed Ceferino Jimenez Malla sowed harmony and solidarity among the Gypsies, mediating in conflicts that plagued relations between non-Gypsies and Gypsies," the Pope said in his homily.

Mr. Jimenez Malla showed that "the charity of Christ knows no limits of race or culture," John Paul said, as about 30,000 people listened under bright sunshine.

Gypsies, who are believed to have come from India about six centuries ago, live throughout Europe on the edges of society, often residing in campgrounds and trailer parks.

Before the service, groups of Gypsies sang and clapped. A guitarist and a violinist serenaded the Pope with pungent Gypsy melodies while a huge tapestry portrait of Mr. Jimenez Malla hung from the facade of St. Peter's.

Another of those beatified Sunday was Florentino Asensio Barroso, the bishop of Barbastro, Spain, where Mr. Jimenez Malla died. Bishop Asensio Barroso was killed by Republican forces around the same time as the Gypsy.

Also beatified were Gaetano Catanoso, a prison chaplain in southern Italy and founder of a small religious order who died in 1963; Enrico Rebuschini, an Italian priest who died in 1938, and Maria Encarnacion Rosal, a 19th century nun in Guatemala.



Filippo Monteforte/Agence France-Presse

Two Gypsy women talking Sunday in St. Peter's Square, before the start of the beatification ceremony.

Narciso Yepes, 69, Spanish Guitarist, Composer and Innovator, Is Dead

The Associated Press

MURCIA, Spain — Narciso Yepes, 69, one of Spain's most acclaimed classical guitarists and composers, died of cancer Saturday.

A contemporary of Andres Segovia and Joaquin Rodrigo, Mr. Yepes was lauded for his technique as well as his interpretation.

He was also an innovator of the instrument itself, designing a 10-string guitar that he said was best suited to Baroque music.

Mr. Yepes debuted in 1949 with the National Orchestra in Barcelona. Soon afterward, he traveled to Paris, where his international fame was established.

Mr. Yepes performed in Europe, the United States, Japan and Latin America. His interpretation of Rodrigo's "Concert of Aranjuez" is one of his greatest achievements.

Sir John Carew Eccles, Neurophysiologist

New York Times Service

Sir John Carew Eccles, 94, an Australian neurophysiologist whose research illuminated some of the most mysterious functions of human nerve cells, died Friday in Contra, Switzerland, where he lived.

In 1963, Sir John shared the Nobel Prize with two other scientists for work that demonstrated how electrical impulses act across synapses, the junctions between nerve cells.

His work essentially proved how, by physics and chemistry, messages are passed from one nerve cell to another, and his conclusions were seen as a key to understanding higher functions of the brain.

Sir John Junor, 78, Editor-Columnist

LONDON (AP) — Sir John Junor, 78, one of the best-known editors and columnists in British journalism over the past half century, died Saturday.

Mr. Junor was editor of the Sunday Express for 32 years and was knighted by Prime Minister Margaret Thatcher shortly after she came to power in 1979.

After leaving the editor's chair in 1986, he continued to write columns in the Sunday Express and later in the Mail on Sunday.

Leslie George Katz, 78, the founder of Eakins Press and a writer on art and literature, died of cancer on April 18 at his home in Manhattan. He was the publisher of Arts magazine in the 1950s.



Agence France-Presse

Narciso Yepes during a concert in Barcelona in 1992.

Blast From the Past: British Group Wins Eurovision Contest

The Associated Press

DUBLIN — A one-hit-wonder British rock group that enjoyed fleeting fame in the 1980s returned from the rock'n'roll dead to sweep the annual Eurovision song contest.

Katrina and the Waves, led by the American-born singer Katrina Leskanich, beat out 25 other nations on Saturday with the song "Love Shine a Light" to win Britain's fourth Eurovision prize since the contest began in 1956.

The song was written by another band member, Kimberley Rew, who also wrote the band's 1985 chart topper, "Walking on Sunshine."

The new song "is a very positive and optimistic song which reflects the new era about to begin in Great Britain," said Ms. Leskanich, referring to the Labour Party's victory in national elections Thursday.

TAIWAN: *Mulling Reunification*

Continued from Page 1

fate is settled through peaceful negotiation or under the threat of force from Beijing will help determine the level of Asian instability in the future.

As the weeks count down for the people of Hong Kong, there is no keener audience watching every step of Beijing's management of the transition than the one here.

"In Hong Kong, they have no choice but to accept their fate, but Taiwan is different," said Hsu Hsin-liang, chairman of the pro-independence Democratic Progressive Party, of which Mr. Yu and his family are prominent members. "However, we believe Chinese pressure on Taiwan is going to become greater and greater, and all the people in Taiwan are really worried."

Taiwan is an island of contradictions. Politically, the supremacy of the governing Kuomintang, or Nationalist Party, long committed to reunification with the mainland, is being undermined by a growing independence movement. President Lee Teng-hui, the first native Taiwanese to lead the party, has more closely allied himself with separatist voters as a way to straddle the island's politics.

Economically, an army of Taiwan businessmen is investing on the mainland despite government efforts to curb the two societies' growing interdependence.

When the Communists chased their army into the sea at the end of the 1945-49 civil war, the Nationalists used dictatorial rule to turn this mountainous island into their fortress. But Taiwan has evolved into a thriving democracy and an economic powerhouse very much in charge of its own destiny. Modern and free, it seems a nation in everything but name.

Beijing held belligerent military exercises in the Taiwan Strait last year, firing missiles to zones just off Kaohsiung and Keelung, Taiwan's main ports.

The region remains jittery after the crisis of 1995-96, set off when the United States granted Mr. Lee a visa, an act Beijing believed was intended to encourage the pro-independence bent the president has indulged.

Just south of the port at Kaohsiung lies a sprawling oil refinery complex that supplies 80 percent of the gasoline in Taiwan, which has among the world's highest densities of automobiles per road mile.

"If mainland China fired one of these new missiles into that refinery, the whole island could come to a standstill," said Wang Chien-shien, who quit the Kuomintang after 36 years to help form the New Party, dedicated to eventual reunification with the mainland.

But the pro-independence movement, supported by a quarter to a third of the electorate, is so strong that it threatens to take over a majority of the island's municipal governments in elections this year and wrest control of the National Assembly from the Nationalists by 2000.

The danger, Mr. Wang said, is that Beijing will feel pressure to act. "If the independence party has a big win, what is China to think other than Taiwan is going for independence?" he said. "China will say, 'We cannot wait anymore.'"

President Jiang Zemin of China has offered a deal similar to the "one country, two systems" guarantee for Hong Kong. He has pledged that Taiwan could keep a separate military, and he has suggested that Taiwan leaders could serve in top Beijing positions, including the vice presidency. Both the Taiwan government and opposition parties have greeted the proposal with deep skepticism.

EUROPE: *Leftists on Continent Take Heart From Labour Victory*

Continued from Page 1

change of some kind is badly needed on the Continent. Unemployment in Britain is only 6.1 percent, but it is 12.8 percent in France, 12.1 percent in Italy, 11.7 percent in Germany and almost 22 percent in Spain, according to one of two sets of figures regularly compiled there.

But achieving a consensus on what to do about it is all but impossible, in part because the world of Continental political parties is much more fragmented than in Britain and because in most countries on the Continent, proportional representation imposes a need for coalition governments and broad agreement.

Lady Thatcher despised the search for consensus, and because of the British electoral system, she won healthy majorities in Parliament even though her Conservatives never won a majority of the popular vote.

Thus, she was able to break the stranglehold that British labor unions had over the economy when she arrived in power, and she legislated flexibility in British hiring and firing practices. She was also able to cut British income taxes to a top rate of 40 percent — about what Americans in the upper tax brackets pay on some of their income, but far less than what the richest pay in France (54 percent) or in Germany (53 percent).

Two decades later, Mr. Blair has accepted most of these Thatcherite prescriptions as essential for Britain to compete effectively in the new global economy.

Here in France, though, there is no such consensus. President Jacques Chirac keeps saying that businesses would hire more people if they did not have to pay high payroll taxes that usually add about 50 percent to the cost of every salary.

But according to public opinion polls, most people in France — not just the Socialist opposition — oppose cutting these taxes if it would mean reducing the generous unemployment, pension and health-care benefits that French people have come to view as a right, not a privilege, over the past 50 years. So far, nothing much has happened — and that is one reason Mr. Chirac called recently for new elections at the end of this month.

Paralysis is also the rule in Germany. "What is wrong with our country?" President Roman Herzog asked in a speech last weekend contrasting Germany with the United States and other countries that seem to have made the transition to the new global economy more easily.

"In brutal terms, the loss of economic dynamism, the paralysis of society," he answered. "Instead of producing decisions, debates turn into rituals," he went on. "At the end, the problem is usually put off. The status quo prevails. Everybody waits for the next subject."

To reduce unemployment, French Socialists and German Social Democrats prefer to keep regulating working hours, shortening them without cutting salaries. Critics say all that will do is spread work among people who already have it, without creating desperately needed new jobs for young people.

In both Germany and France, opposition parties say they will not go even halfway down the British road. They will not shift the burden of economic adjustment from the rich to those least able to pay — salaried employees and workers. In Britain, such workers have little job security, but in the post-Cold War global economy, they have an easier time finding jobs than their unemployed colleagues on the Continent.

15 Die in Attacks On Algeria Hotels

Reuters

PARIS — Two car bombs killed 15 people and wounded 23 in hotels in a thermal resort in northwestern Algeria over the weekend, the Algerian newspaper Le Matin said Sunday.

The newspaper said the bombs exploded 10 minutes apart in Sidi Bouhanifia, about 325 kilometers (200 miles) from Algiers. "The two blasts killed 15 people and wounded 23, including a child, badly hurt in the head and whose hand was blown off," the paper said. It added that the blast was so powerful that "according to a medical source, half those killed could not be identified."

One bomb hit the Sahara Hotel, destroying the building; a second, outside the Hotel El Farah, caused widespread damage, the newspaper said. There was no claim of responsibility for the attack. But authorities have blamed Muslim rebels for hundreds of bombs and other attacks over the past five years.

BUDGET: *What Happens After 2002?*

Continued from Page 1

tween 1946 and 1964, will be eligible for retirement by 2030. By then, there will be as few as two Americans of working age for every senior citizen, down from about five workers per senior in 1960.

Meanwhile, the average growth rate of the U.S. economy has slowed to about 3 percent per year since the early 1970s — about half the pace of expansion during the postwar era, when many entitlement programs were introduced. Fiscal experts warn that, in the absence of much stronger economic growth rates or far-reaching changes in entitlement programs, federal deficits are destined to climb to economically dangerous levels again early in the next century.

Few provisions in the budget blueprint would help avert that bleak scenario. It reduces by $115 billion projected spending on Medicare, the government's health insurance program for the elderly. But the bulk of those cuts would come from limiting payments to hospitals and doctors, an approach few experts expect to achieve a lasting reduction in health-spending rates even if it succeeds in lowering spending in the shorter term.

The agreement includes several much smaller Medicare provisions that could make some lasting contribution to the deficit outlook. For example, it would limit what the government will pay for certain types of health services provided to seniors in their homes. It also envisions a slight increase in the monthly Medicare premiums paid by all but the poorest recipients.

The long-run cost of the proposed tax cuts remains unclear. Many of the tax cuts — including capital gains tax rate reduction and provisions for expanding participation in tax-favored individual retirement accounts — are structured in such a way that experts expect them to cost the government far more money beyond 2002 than in their first five years.

The budget agreement amounts to little more than "crossing our fingers and hoping the baby boomers don't get any older," said Richard Thau, executive director of Third Millennium, a nonpartisan youth advocacy group based in New York. "We are no closer to solving the long-term entitlement problems with this budget than we were two years ago. Leaders from both parties have agreed to sell out future generations."

TORIES: *Debate on Europe Rages On*

Continued from Page 1

The Tories were confronting a conflict between choosing a candidate who could unite the feuding wings of the party or choosing one who would represent the hostile feelings towards European integration held by an estimated 90 of the 165 Conservatives left in Parliament after Thursday's electoral drubbing.

That task was made significantly more difficult by the withdrawal Saturday of Michael Heseltine, 64, the former deputy prime minister and possibly the only person who might have brought the squabbling sides together under his leadership.

Mr. Heseltine, who had a heart attack in 1993, was taken to a hospital near his country estate after he suffered what was described as an angina attack.

Shortly thereafter, his wife said he had decided not to offer his name.

Another potentially unifying candidate, Chris Patten, the governor of Hong Kong and former chairman of the party, sent word to supporters that he would be remaining in his current position until the transition of the colony to China on July 1 and then spend six months writing a book about Asia.

Two other candidates with significant followings, William Hague, 36, the former secretary for Wales, and Michael Howard, 55, the former home secretary, are expected to enter the race next week. Mr. Howard is considered "hard right," Mr. Hague "soft right," and both men boast links to the ideological muse of the party, Margaret Thatcher.

Mr. Hague caught her approving eye when, as a teen-ager, he gave a passionate speech to a party conference. Mr. Howard, a critic of the liberal establishment and the courts, is said to be her favorite for the leadership now.

Yet another Conservative testing the waters on radio and television interview shows during the weekend was Stephen Dorrell, 45, the former health secretary.

He was long viewed as a moderate until the late weeks of the campaign, when he for the first time took up the banner of hostility to Europe.

Trumps Split, but What's Love Got to Do With It?

By Bruce Weber
New York Times Service

NEW YORK — The moral of this story is that money can't buy happiness.

All right, maybe that's not the moral. The moral is that great sex does not guarantee enduring love.

Well, that's probably not it either. But certainly the lesson to be taken from the news that the marriage of Donald Trump and Marla Maples is on the rocks has a great deal more to do with money and sex — not to mention power and fame — than with happiness and love.

Neither Mr. Trump, 50, the real-estate developer fond of having his name emblazoned on his holdings, nor Ms. Maples, 33, a model and sometime actress, has chosen to speak publicly, but the future former spouses issued a terse joint statement Friday confirming their decision to separate.

"After a long relationship and a three-and-a-half-year marriage, we have decided to separate, as friends," the statement said.

The friendliness apparently extends to some business arrangements.

Ms. Maples, a former beauty pageant contestant from Georgia, is expected to honor her commitment to be the host of the Miss Universe Pageant on May 16, which is to be held in Miami. Mr. Trump, along with CBS, owns the pageant.

The statement went on to make a distinctly uncharacteristic request: that the news media leave them alone. No mention was made of an impending divorce, the possibility of a reconciliation, a prenuptial agreement or the couple's 4-year-old daughter, Tiffany.

Mr. Trump, whose real-estate empire includes casinos in Atlantic City, New Jersey, and New York City properties including the Trump Tower and the brand-new Trump International Hotel and Tower at 1 Central Park West, has a net worth estimated at from $450 million, by Forbes magazine, to as much as $2.5 billion.

"He's really married to his business anyway," a person familiar with Mr. Trump's portfolio and marital situation said, adding that the separation was Mr. Trump's idea and that it was taking place now for economic reasons. The prenuptial agreement, the person said, which would pay Ms. Maples $1 million to $5 million in the event of a divorce, is to expire within 11 months, after which she would be entitled to a settlement based on a percentage of Mr. Trump's net worth.

If his net worth is really $2.5 billion, "even if she were to get a small percentage, a small percentage is a lot of money," the person said.

This person, who insisted on anonymity, said Mr. Trump would live in his new Trump International building and that Ms. Maples would live temporarily at Trump Tower, several blocks away in Manhattan.

Eventually, Mr. Trump will buy her a new apartment "in a regular, non-Trump building," the person said, adding that Tiffany "will be taken care of."

No third party is involved, the person said.

After meeting in 1988, Mr. Trump and Ms. Maples conducted an on-again, off-again and very public affair — her declaration that sex with him was the best she had ever had was only the most memorable headline-grabber — that hastened the disintegration of Mr. Trump's first marriage.

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THE BUSINESS OF 'PASSIONATE FOLLY'

Luxury yachting is growing — in every way.

Not only is the luxury-yacht business booming, with shipyards full and prospective clients fighting for building slots as they open, but the size of a super yacht is also increasing. Although the category begins at about 20 meters (66 feet) in length, the trend recently is for yachts of 40 meters or more, says Sandrine Elena, spokesperson for the Super Yacht Show being held in Nice from May 15 to 17, 1997.

Super Yacht is the only international exhibition in the world dedicated exclusively to luxury yachts, and from 800 to 1,100 of them will be berthed in or near Nice during yachting season.

Last year's event attracted more than 2,000 visitors from 40 different countries. This year, more than 300 buyers — a 6 percent increase over last year — are expected to attend.

A major reason for the increase in attendance is mergers and acquisitions, especially in the United States, explains George Nicholson, chairman of luxury yacht brokerage Camper & Nicholsons. "A man has worked all his life, sunk his money into his business and sells it for $500 million. Now what does he do?"

Rather than buy, an aspiring yachtsperson could conceivably charter a luxury craft once or several times a year. The cost might start at about $600 per person per day for a vessel accommodating from six to 20 passengers. At luxury yacht brokerage Nigel Burgess Ltd., the average charter is one to two weeks a year, says director Jonathan Beckett.

Pride of possession

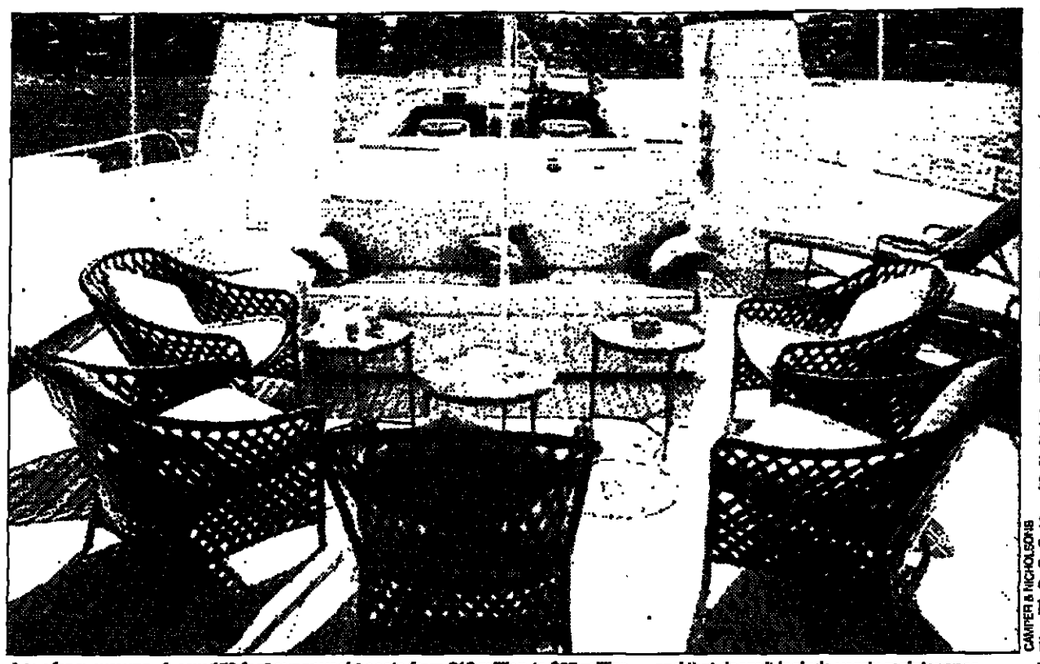
Although some multimillionaires charter year after year, there is no substitute for yacht ownership. Pride of possession is the driving force behind what otherwise might be considered "an act of folly," says Michael Bremen, sales director of Germany's Lürssen Shipyards, maker of some of the world's most opulent yachts. "To build a yacht, you have to be passionate because nobody needs one," he says.

Not many people can afford one, either. A run-of-the-millionaire won't do, when a new 150-foot (45.7-meter) boat may cost from $16 million to $25 million, and a 10-year-old boat will set you back $5 million to $10 million.

Those are the starting costs. Yearly maintenance will run from 4 percent to 10 percent of capital value, says Mr. Beckett. His brokerage is currently offering Philanderer, a 40-meter sailing vessel, whose maintenance is about $350,000 yearly, including a crew of six to seven people.

Some of this expenditure may be offset by charter revenue, but most super-yacht owners charter their boats to keep their crews busy rather than to generate income.

The number of shipyards capable of building top-quality super yachts is even more select than the number of customers who can afford them. About 100 boats measuring 115 feet or more are produced annually. "In the 140-to-160-foot range, the average yard can deliver two boats per year," says Mr. Nicholson. Sailing yachts offer a different experience from that of the motor-powered vessel, and they attract a different kind of customer. Mr. Bremen says that the owners of sailing yachts are "real sailors," more knowledgeable and far more involved in the building of their boats.



CAMPER & NICHOLSONS

A toy for grownups: A new 150-foot super yacht costs from $16 million to $25 million — and that doesn't include yearly maintenance.

If their competitive drive is strong, they can participate in some of the regattas underwritten or promoted by luxury goods companies. Some, like the watchmaker Corum, sponsor their own boats. Others sponsor regattas, such as the Spring Regatta of Portofino, developed by Italian men's clothier Ermenegildo Zegna. Watchmaker Vacheron Constantin will be sponsoring the world tour of an old sailing ship in 1999, recalling the era of merchant vessels and pirates, explains Michèle Riechenbach, public relations spokesperson for the company.

Pirates of any era would covet the bounty of the largest passenger yacht afloat. For many years, the Greeks had that claim, but it is about to be overtaken by a 148-meter vessel commissioned from Lürssen. The shipyard acknowledges the owner only as a "London-based" client, but industry insiders claim it is destined for the Sultan of Brunei. ●

A DIFFERENCE BETWEEN MEN AND BOYS

Super yachts enable the very wealthy to indulge their fantasies.

Whoever said "The difference between men and boys is in the nature of their toys," must have been thinking of today's luxury yachts. There are few venues where the ultra-rich can indulge in as many tech-toy fantasies as on the high seas.

To be fair, some technology is the result of regulation rather than personal preference. Michael Bremen — sales director of Germany's Lürssen Shipyards, maker of some of today's largest and most luxurious yachts — points out that changing regulations are behind the design of new yachts as well as the refitting of existing vessels. For example, the Maritime Safety Association of Britain has ruled that any sea vessel capable of carrying more than 12 passengers is a passenger ship and not a yacht. Fire and safety regulations are different and more rigorous for the former. All yachts flying the British flag have to comply with these rules, and other countries see them as guidelines.

PCs on board

All new luxury yachts come equipped with personal computers because everything on a super yacht is computerized these days. Older boats are refitted frequently to keep up with the latest developments in radio communications, computer-aided sailing, high-speed navigation equipment, new chart technology, call routing, innovations in wheelhouse design, ergonomics, shore-based security and vessel monitoring.

There is little on a boat that has not been affected by advances in technology. Mr. Bremen points out that a boat's bridge today is dramatically different from a bridge built a decade ago. There is more design in the dials. There is greater use of composite materials and aluminum. Insulation and exterior paint have improved.

Communications equipment is smaller and better than it used to be, and it is improving all the time for radar, radio, television, fax and telephone. George Nicholson, chairman of yacht brokerage Camper & Nicholsons, says, "The size of a dish for dome television reception has shrunk from the size of a table to the width of a bowl."

Thanks to advanced communications, yachts have emerged from the category of frivolous indulgence. They can be an asset for meetings and discreet business negotiations. "Businessmen don't want to be out of touch, and today they don't have to be," says Mr. Nicholson. The next big breakthrough, he predicts, will be flat-screen television. Today's TVs take up a lot of living space, even in a super yacht, and cause problems for interior designers. Flat screens that can hang on a wall will be more attractive and more secure.

In addition to television and VCRs, luxury yachts may be equipped with high-quality sound and light systems for onboard discotheques and screening rooms for films. Underwater cameras are built into the hulls of some boats and connected to the television for a fish-eye view of the world. And that's just the beginning for entertainment.

Doughnuts and bananas

"Water toys are important," remarks Jonathan Beckett, director of yacht brokerage Nigel Burgess, Ltd. Fun in the water has become a serious business, as water skis and scuba diving joust with jet skis, waverunners, wet bikes, doughnuts and bananas (rubber craft pulled behind the boat) for a passenger's attention.

Some of the larger yachts, reports Camper & Nicholsons, have room for a helicopter and a hot air balloon, a water slide or a 20-foot (6-meter) water trampoline. If a two-person submarine seems passé, how about a Breathing Observation Bubble (BOB), described by some as an underwater moped that transports the aquatic rider at speeds of 2.5 knots. But don't expect to call your office while you are enclosed in the bubble — not yet, anyway. ●

HOW TO CHOOSE A PORT OF CALL

From St. Tropez to Belize, the choices are vast.

In planning a luxury yachting vacation, a client often has a clearer idea of the sea he wants to sail than of the ship he wants to charter. For most first-time and many repeat customers, the Western Mediterranean — specifically the French and Italian Riviera — is the ultimate cruising experience.

"For motor yachts, it is the most popular destination we offer," says George Nicholson, chairman of luxury yacht brokerage Camper & Nicholsons.

Jonathan Beckett, director of Nigel Burgess Ltd., another luxury yacht brokerage, agrees. "The South of France is always number one in popularity," he says. "France and Italy are beautiful and sophisticated, with lots of atmosphere and good food on shore."

Although the chefs on luxury yachts rival those of the finest three-star restaurants, part of the yachting experience consists of dining ashore at this summer's trendy trattoria or chic cafe. The quality of the food is only one element in this evaluation: Charm, physical beauty, local color and hospitality all play a part.

Another consideration in the selection of charter locations is the political landscape. In the Eastern Mediterranean, the waters of ex-Yugoslavia were off-limits until recently; Mr. Beckett reports that insurance for yacht charter there became available only four months ago. "Yugoslavia is back," concurs Mr. Nicholson. "Dubrovnik was not badly damaged during the war, and it is charming."

Following the wind

A third consideration in the choice of destination is wind. Wind is not very important for motor yachts, but it is critical for sailing vessels. Wind conditions in the Caribbean contribute, in part, to its great popularity among sailors. According to Mr. Nicholson, the Mediterranean generally does not offer great sailing, except for the Balearic Islands of Spain, the Cyclades in Greece and the Straits of Bonifacio off Corsica. "Either there is not enough wind or too much," he says. The time of year is also a factor: The Meltemi winds in Greece blow in August, and the best sailing is during that month. Conversely, he does not recommend motor yachting at that time.

A fourth consideration is the level of experience, as well as the taste, of the individual customer. Michael Bremen, sales director of Germany's Lürssen Shipyards, builders of some of the world's largest luxury yachts, believes that an experienced yacht owner is likely to head off the beaten track after a few trips.

This "environmental appeal" is drawing more yacht charters to Alaska and the Pacific Northwest, he says. Others are turning to the picture-postcard seas of Southeast Asia for the same reason.

For those who seek an active social life beneath the sea, Belize has become a requested destination. It boasts the second-largest offshore reef in the world, after Australia. Diving has also made Cozumel a popular port. ●

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A Flawed Budget

Vice President Al Gore hailed the provisional U.S. budget agreement negotiated with the Republicans as "historic," while Trent Lott, the Republican senator, found it "revolutionary" in its consequences.

In fact, while the accord contains some positive features and pushes in some useful directions, it is, overall, a disappointment. Given the possibilities opened up by the current economic upturn in the United States, it may be remembered most of all as a missed opportunity.

It's worth keeping in mind that the outline of the deal concluded Friday, after long negotiations between the White House and congressional Republicans, has to be approved by Congress, then have its details filled in. A lot rides on how those specifics are worked out. Even in the broad outline, though, there are grounds for skepticism.

The budgetary balance that will be achieved in the year 2002 — the first fiscal balance since 1969, the balance which elicited most of the self-congratulation from the deal-makers — may prove ephemeral. They have approved tax cuts, the full effect of which will not be felt until after 2002. In the last hours of negotiation, President Bill Clinton won concessions to limit the cuts and this ballooning effect. Nonetheless, the tax cuts seem sure to cost at least twice as much during the five years after the magic year of 2002 as in the period leading up to that year — and perhaps even more thereafter.

That is especially unfortunate, because the real pressures on the budget will start appearing only then. As everyone involved in this process knows, but few want to discuss, the aging generation of baby boomers is going to place an increasing burden on the nation's health care and pension systems, while a relatively smaller number of working Americans will be there to pay taxes. This budget agreement makes some useful changes in the Medicare health program for the poor, but it postpones much of the needed reform. Even under cover of bipartisanship, neither side had the courage to back needed changes in how entitlements are calculated, changes which would go a long way to alleviating this generational problem. Tax receipts are unexpectedly high right now and the deficit is falling; that gave the grasshoppers the chance to do a little more fiddling and kick the hard choices down the road again.

It's also the case that the tax cuts approved Friday are likely to benefit wealthier Americans most, while the continuing pressure for spending reductions will fall on programs that benefit the poor. The deal restores some benefits to legal immigrants left stranded by last year's changes in welfare, extends health insurance to uncovered children and creates the possibility but not a guarantee of increases in the amount of college scholarship aid for poor students — all to the good. But these are corrections or modest initiatives, more modest than they might have been because of likely cuts in the estate and capital gains tax rates and the creation of a new middle-class entitlement for college tuition that may, perversely, lead to increased tuitions rather than increased enrollments.

Overall, none of this is deserving of the term "revolutionary."

— THE WASHINGTON POST.

Helping Poor Debtors

The World Bank and the International Monetary Fund recently agreed for the first time to write off some loans to one of its borrowers, Uganda. Uganda is special because of a decadelong policy of pro-growth economic reform.

But the importance of the decision goes well beyond a single country. It means that the bank and the fund have at last put into effect a policy to reward poor, indebted countries that are serious about reforming their economies.

Impoverished, indebted countries, especially those in Africa, cannot escape poverty under the weight of their external debt payments. Oxfam International, an advocacy group that lobbies for debt relief, estimates that 20 percent of government revenue in these countries goes to debt payments.

Mozambique — where 25 percent of children die before the age of 5 from infectious diseases — spends twice as much paying off its debt as it does on health and education. Ethiopia spends four times more on debt payments than it does on health care.

Unconditional debt relief, which would reward irresponsible economic policies, is not the answer. The United States and some of its allies pushed for debt relief for countries that undertook moves to a free market, including prudent budget, monetary and trade policies.

Last fall the bank and the fund agreed. They promised to write off enough of their own loans to eligible countries so that debt payments would be brought down to affordable levels. The initiative assumed that creditor governments would write off about 80 percent of their loans to such countries. But negotiations stalled over putting the plan into effect.

The deal announced last month broke the logjam. The bank and the fund rewarded Uganda for its exemplary track record by reducing its official debt to near the lowest level — about twice the value of its exports — allowed under last year's initiative.

Uganda will be required to wait one year for the debt write-off. Oxfam criticizes even this short wait because Uganda will suffer a needless additional financial drain. The bank agreed to provide Uganda additional money over the next 12 months to ease the pain, but the fund could also chip in to prevent unnecessary suffering by Ugandans.

The Uganda deal should encourage other poor, highly indebted countries. The initiative foresees, for example, helping countries that have large budget deficits, so that they would not be forced to impose crippling tax hikes to qualify for debt relief.

The Uganda agreement also recognized in principle that countries forced to wait for debt relief will need help in the interim. Finally, the bank and the fund promised to move quickly on other eligible countries — probably Bolivia, Burkina Faso, Guyana, Mozambique and, eventually, a dozen others.

Oxfam worries that the World Bank and the monetary fund will impose excessively long waiting periods on other debtor countries and provide insufficient interim relief. These are valid concerns, which the bank and the fund can ease by swiftly moving on to other eligible countries and providing packages at least comparable to Uganda's.

— THE NEW YORK TIMES.

Other Comment

Punishing Burma

Of the many arguments against economic sanctions, the one that we have found the most persuasive is the simplest: They don't work. Once they are invoked, everyone loses.

Burma is its own best argument against isolationism. It has managed to reduce itself to a Third World basket case through a self-imposed policy of closed-door self-sufficiency that ultimately spawned the current State Law and Order Restoration Council.

The sanctions announced last month by the U.S. secretary of state, Madeleine Albright, carry even less credibility than usual. For one thing, they are so clearly half-hearted, applying only to new investment. Even worse, the effect of imposing sanctions on a small fish like Burma while letting the much bigger Chinese fish off the hook is not to advance the cause of human rights in the former, but to discredit U.S. policy toward the latter.

Not that we think the uncritical embrace of Burma by the Association of South East Asian Nations is the necessary conclusion. While there are excellent arguments for a policy of "constructive engagement," ASEAN's eagerness to take this tar-baby straight to the altar raises its own questions. Last year's admission of Vietnam to the ASEAN family, for example, has already created new pressures in the group's relations with neighboring China. The pressures to incorporate Burma so soon afterward are more emotional than strategic.

By all means, trade with Burma. But don't marry it.

— From Far Eastern Economic Review.

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China's Trading Status Isn't the Real U.S. Issue

By Jim Hoagland

WASHINGTON — President Bill Clinton's misguided appeasement of China has turned U.S. trade with Beijing into a political quagmire for both himself and for his critics here. The gathering battle over trade will produce only a Pyrrhic victory unlikely to abet the cause of freedom and democracy in China, whoever wins.

The fight centers superficially n the annual extension of most favored nation trading status to China, which Mr. Clinton must sign and submit to Congress for approval before June 3. But this trading status has become a club to swing in a larger struggle, which is really about Mr. Clinton's authority, and the viability of a China strategy that is now in tatters.

It is the wrong fight over the wrong issue at the wrong time, with few of the protagonists acknowledging their true motives.

Neither revoking nor extending the status will deliver the results the advocates on each side promise. Normalized trade with China marginally promotes positive change there, in my view. Revoking the trading status is a way of punishing China with economic sanctions that will make reform of all kinds less likely.

But Mr. Clinton's overly lavish and warm political embrace of Chinese leaders he once styled as bloodstained dictators has encouraged Beijing to push its search for advantage in the U.S.-China relationship to the brink and make all phases of that relationship vulnerable to attack.

The president justified his reversal on China by arguing that comprehensive engagement with Beijing would accomplish two vital goals, one political, one economic:

First, he held out the hope that greater understanding of the Communist gerontocracy in Beijing would cause China to reduce human rights abuses at home and curb arms and nuclear technology trafficking abroad. But Beijing has laughed at these American concerns and now seems to have undertaken criminal interference in U.S. domestic politics.

These developments suddenly endanger the second pillar of Mr. Clinton's policy — greater economic interdependence and cooperation with China. Republican free-traders and religious conservative groups, unhappy about other issues, have joined liberal human rights activists in targeting the favored-nation status, which essentially exempts China from punitive tariffs now applied only to a handful of rogue states.

American businesses cashing in on the Chinese economic boom are deploying a major lobbying effort to fight this coalition and to argue that more trade will bring increased political freedoms for the Chinese people. That is only marginally true, and in any event is not the reason Boeing and the others will be twisting arms on Capitol Hill. They know the score, and their own bottom line.

In the days after his re-election, Mr. Clinton and his national security adviser, Samuel Berger, charted an ambitious economic program for the year to justify the exchange of presidential visits Mr. Clinton has promised to Beijing. They would seek permanent extension of the trading status and accelerated membership in the World Trade Organization for China "on commercial terms."

But Mr. Clinton is suddenly on the defensive, trying to blunt the attempt by the House speaker, Newt Gingrich, to limit any extension this year to three to six months, thereby effectively embroiling the president's China policy in constant debate. Gone is any talk of a permanent extension of Chinese trading rights.

Assume, as I do, that Mr. Clinton will veto Congress's attempt to curb China's trading status and defeat an override. His "victory" will come days before China takes over Hong Kong. A Chinese crackdown on human rights in the former British colony will embarrass Mr. Clinton by underlining the impotence of his policy.

But Hong Kong is not the only powder keg Beijing's rulers sit on. Japanese and U.S. specialists have noticed a significant beefing up of Chinese internal security forces in recent months.

Some analysts speculate this is aimed not only at possible trouble around the Hong Kong transfer on July 1, but also at the likelihood of serious labor unrest throughout China later this year.

China has delayed shutting inefficient and costly state-run enterprises as long as it can. The market share of Chinese-owned factories is actually shrinking in the midst of the foreign investment boom. Huge layoffs of state employees lie just ahead, in the view of many foreign analysts and, apparently, of China's party and police bosses.

The Clinton administration has lost control of the political and economic forces that drive U.S.-Chinese relations. Washington has let its diplomacy in Asia be taken hostage by events that will be little affected by the ceremonial visits the American and Chinese presidents covet so ardently.

The Washington Post.

An Urgent Mission for Blair: Getting Britain Euro-Ready

By Roy Denman

LONDON — In a few weeks' time, when Hong Kong reverts to Chinese rule, Britain will have ended its retreat from Empire. In a few months' time, it will start its retreat from Europe. This is the prospect faced by Britain's new government under Tony Blair.

The timetable looks like this: Before July 1, 1998, the European Council will determine which member states fulfill the conditions for the adoption of a single currency, starting on Jan. 1, 1999. In fact, by the fall of this year the list will effectively be known, and an informed guess is possible now. Britain, Sweden and Denmark (the

If London stays aloof, a trade war could loom.

Euroskeptic northern periphery) will exclude themselves for fear of losing "sovereignty." Greece (as an economic basket case) will not qualify. All the rest will, except Italy, which has difficulty meeting the criteria, but which is desperate to join and may well do so with a year's delay. So by 2000 there will be a single-currency bloc of the Eleven.

The Labour Party has ruled out Britain's joining a single currency until 2002. It is not difficult to see why. Labour has promised a referendum before entry. The national mood, whipped on by the Europhobic popular press, is against the currency, and a new government would not want to risk losing a major referendum in its first five-year term.

But even the date of 2002 is unrealistic. One of the criteria for entry is "the observance of the normal fluctuation margins of the European Monetary System for at least two years without devaluation against any other member state." In recent years the pound has gone up and down against the Deutsche mark like the Big Dipper — hardly a sensible basis for looking it irrevocably into the euro. Ever since Britain's ignominious departure from the Exchange Rate Mechanism in 1992, resubmitting the pound to a European straitjacket has not been a popular prospect. Would a Labour government really be prepared to announce this in three years' time? If not, entry hardly seems likely for some time even after 2002.

In the meantime, an increasingly integrated Europe of the Eleven will be quick to resent any way in which Britain might be getting, in a single market, a competitive advantage that their tighter discipline forbids. So, if speculators force a devaluation of the pound or if Britain's partners find its wages or taxes dangerously competitive, they will put a surcharge on British exports. This will lead to a trade war that Britain will have no chance of winning.

Even without a trade war, a recent public opinion poll showed that 40 percent of the British public would prefer to leave the European Union. A trade war would impel a large majority to ask why, if the European market were barred to them, they still had to make a substantial contribution to the Union budget and suffer agricultural and fishing policies that are about as unpopular in Britain as a plague of rats. The result could well be Britain formally leaving the Union, although, like Norway, remaining in a trade relationship with it.

British Euroskeptics and the popular press would rejoice. But the consequences would be less appealing. Foreign investment would shift to the continent, as Toyota and Siemens have already warned. Britain would have to accept without discussion every piece of trade legislation passed by the Europe of the Eleven. And the arrangement would be limited to industrial goods; access for foodstuffs would have to be separately negotiated.

Britain would have no say in the commercial policy of the Union and, indeed, no effective say in world economic discussion. The Group of Seven would shrink; the Europe of the Eleven would speak with one voice on economic matters, and in a discussion among Europe, the United States and Japan there would be no room for small fish like Britain and Norway. The same considerations would apply increasingly to political and defense questions; it is difficult to see how much longer Britain would rate permanent membership in the UN Security Council.

This would be a sad destiny for a country that only a century ago was the world's superpower and that twice in the last hundred years has taken the lead in fighting for freedom. Retreat from Empire was inevitable; retreat from Europe was not — this course was charted by divided and insular British governments.

To break out from it would mean a firm decision to end British isolation and to make common cause with Europe. It would mean entering as soon as practicable the Exchange Rate Mechanism, and then in due course a single currency; this could mean greater stability, lower interest rates, higher growth and a leading role in an increasingly integrated Europe and thus in the world.

But it would require from Mr. Blair vision, leadership and persuasion on a heroic scale. He does not have much time.

The writer, a former representative of the European Commission in Washington, contributed this comment to the International Herald Tribune.

'Early Disillusionment' Ahead?

By David S. Broder

LONDON — The success of Tony Blair and his Labour Party in ending nearly two decades of Conservative rule adds another country to the lengthening list of nations where parties of the left have recouped their fortunes by moving determinedly to the right.

Spain, Italy, the Netherlands and the United States preceded Britain down this road. But the example of Bill Clinton and the Democrats, among many others, has raised the stakes for the victorious Labourites to demonstrate that they can be as effective in government as they were in the campaign.

One man who is acutely conscious of this challenge is Stan Greenberg, the Washington pollster who worked for Mr. Clinton in 1992 and who has been here as a consultant to the Labour campaign.

He argued three basic points: "The parties of the right are in fundamental trouble, divided by issues that are in the short term insoluble. The parties of the left have demonstrated that they are capable of throwing off the electoral liabilities of their industrial-age past and competing successfully for information-age votes. But they have not shown equal boldness and ingenuity in devising and carrying out government policies that fundamentally change people's lives for the better."

Mr. Greenberg's first claim is debatable. He sees the division between traditional business Republicans and the Christian Coalition adherents in the United States, and between the Europhile and Europhobe Tories here, as reflecting deep-seated cultural conflicts which will plague those parties for years. He may be right, but as recently as the time of Ronald Reagan and Margaret Thatcher, the factions learned to coexist.

He is demonstrably correct on Point 2: The victories by Mr. Clinton, who said, "The era of big government is over," and by Mr. Blair, who took the promise of nationalized industry out of the Labour platform, do represent the modernization of two parties that were rooted in the economic grievances of industrial workers and small farmers. Personally and politically, Mr. Clinton and Mr. Blair embody a postindustrial, boomer-generation, middle-class, educated leadership elite that has accepted the international economy and the computer age as facts of life requiring a different approach to government.

But the first Clinton administration did little or nothing to reduce inequality of income or opportunity. And Mr. Greenberg, no longer a White House insider, is realistic when he says: "No one expects great things of the second Clinton term. If he avoids all the legal problems, the most he might have to show is a strong economy and a balanced budget, but government and the society will not have been reformed."

It is that record that shadows Mr. Blair even in his moment of triumph. The size of his victory and the greater degree of control a prime minister exerts over his government improve the odds of his achieving something more substantial than Mr. Clinton has.

But he faces a greater risk than Mr. Clinton did of being thrown for an economic loop. Mr. Clinton came in just as the economy was beginning to recover from recession, and the reassurance that his first budget gave to the financial markets has helped sustain the boom, providing billions more for government spending.

Mr. Blair starts in the third year of a similar British boom, facing a far greater likelihood of a cyclical downturn early in his five-year term. To reassure voters and markets, he explicitly accepted current Tory spending and tax estimates as his own. But some doubt he can finance the improvements in the health service and schools that he has promised within that budget. And if the economy falters, he would face a politically cruel choice between higher taxes and lower public services and benefits.

"The story of left-center governments," said Jeff Mulgan, who is soon to quit as director of an influential think tank to become a policy adviser to Mr. Blair, "has been one of election illusions turning into early disillusionment." That was certainly the case with Mr. Clinton, and Mr. Blair, learning from Mr. Clinton's mistakes, was parsimonious with specific promises in the campaign.

"His only real promise is to end long-term unemployment," Mr. Mulgan said. But that promise is a whopper: One British household in five has no one working. Both job training and subsidized private employment schemes have failed more often than they have succeeded in other countries, and Mr. Blair has ruled out a large-scale government jobs program.

Both conscience and politics dictate that these new parties of the left cannot ignore this challenge. But they have yet to demonstrate they can overcome it.

The Washington Post.

A New, and Not Better, Earth

By Bill McKibben

JOHNSBURG, New York — We live on a new planet. That's what recent scientific studies demonstrate.

Because of global warming, caused by cars, factories and burning forests, the earth is shifting beneath us with stunning speed and unpredictability.

Consider:

• The number of "extreme precipitation events" (rainfall of more than two inches [5 centimeters] in 24 hours) on the North American continent has jumped 20 percent since the turn of the century, according to the National Oceanic and Atmospheric Administration.

• Spring comes a week earlier in the Northern Hemisphere, says the Scripps Institution of Oceanography, which used carbon dioxide records to document its finding.

• Vegetation has increased 10 percent above the 45th parallel, which crosses Seattle and Milan, since 1980, according to a study by Boston University scientists who analyzed satellite data.

Understand this about these changes: They are enormous. They do not represent small shifts at the margin, the slow evolution that has always occurred on the planet.

Spring a week earlier, 20 percent more storms, 10 percent more vegetation since 1980. If we were looking through a telescope and seeing the same things happen on some other planet, we would find it bizarre and fascinating. If someone's watching us, they're doubtlessly bewildered.

With this level of warming, the Antarctic ice sheet could melt more quickly than previously believed. The most recent El Niño ocean warming lasted five years, not the usual two, which researchers at the National Center for Atmospheric Research think may result from the extra global heating.

Compared with the magnitude of the situation, the response of politicians (and even most environmentalists) has been feeble.

Although the United States promised at the 1992 Rio conference on the environment that it would not emit any more carbon dioxide in the year 2000 than it did in 1990, it has done virtually nothing to meet its promise, and like almost every other developed nation it will miss the goal, probably by more than 10 percent. Now negotiators are trying for an agreement with more teeth — but the deadlines are far away and the targets modest.

Instead of locking ourselves into a document that physics, biology and chemistry are rendering instantly outdated, it would probably be better to convene the world's leaders on the crumbling edge of the West Antarctic Ice Sheet. Maybe then we'd get quick action.

We need it: Remember all those things that scientists said would happen if we didn't clean up our act? They're happening.

This is a new planet, not the earth we were born on.

The writer, an author, contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Fire Kills 115

PARIS — Over a hundred persons, mostly women, were burned to death in a fire which made of the Grand Bazar de la Charité, the most fashionable of the charitable developments of the Paris season, a human shambles. Within a few minutes, the whole building, constructed of wood and covered with painted canvas, was in blaze. About 1,200 people were in the bazaar at the time, and the number of the dead is estimated at 115.

1922: Shell's Oil Deal

WASHINGTON — President Harding and Secretary of State Hughes prepared a firm protest to Great Britain in the event of verification of the signing of a contract giving the Royal Dutch Shell Company monopolistic rights in the Russian oilfields. The United States does not intend to permit such a contract, which not only violates the open-door principle, but would also set a precedent and cause a general rush of nations to secure monopolistic exploitation of other Russian resources.

1947: The GIs' Casbah

ALGIERS — The Casbah, Algier's notorious native quarter, has become a hide-out for at least 250 American Army deserters, French police officials revealed. These ex-GIs, most of them still wearing parts of their uniform, have formed into gangs and are living by petty thievery and black-market transactions in the heart of this labyrinthian slum perched on a hill overlooking the European city. The Arabs refer to their new neighbors as the "American colony." The deserters are presumably remnants of the American Army which landed at Algiers in November 1942.

Get well soon, Martina.

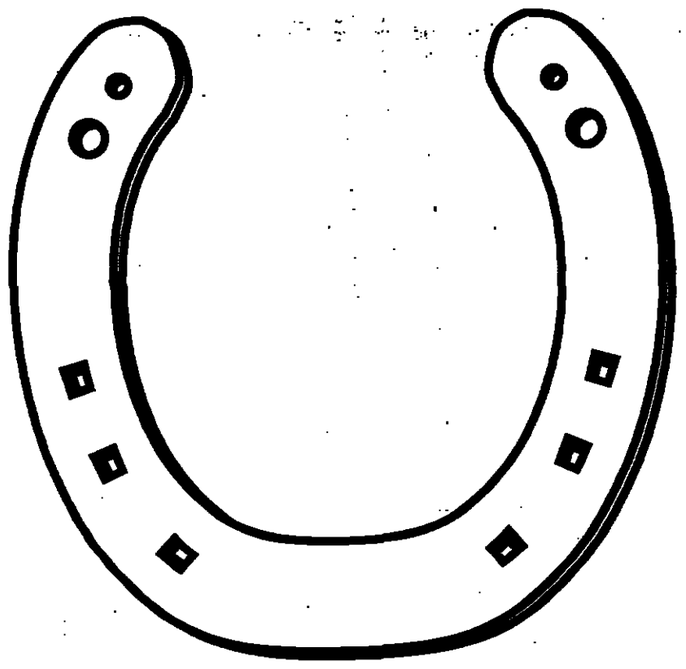
OPEL

Accidents will happen. In the home, on the street... on horseback. And they happen all too often to top athletes like Martina Hingis – the world's Number One tenniswoman, as well as an accomplished rider.

When you strive to outdo your very best, to scale new peaks of performance, there are always risks.

True sportswomen accept these risks along with the rewards – on the tennis court or off. As Martina's unconditional fans and partners, we at Opel would certainly endorse that.

But so much for philosophy. Your biggest challenge now, Martina, is to get well soon. Our thoughts, and those of your many thousands of fans the world over, are with you.



McCANN-ERICKSON

LANGUAGE

Sanctioning the Janus Words

By William Safire

WASHINGTON — "I'm pondering the difference between *boned* and *boneless* chicken," writes Alan Levy, editor in chief of The Prague Post. He is even more troubled about words like sanction, which is a verb for "allow, authorize," and a noun for "punishment," almost the opposite. "Is there a lexicographical term for words that become antonyms of themselves through distortion, if not misuse?"

The word is *contranym* or *antilogy*, but the popular phrase for it is *Janus word*. Janus was the Roman god of beginnings; in Latin, *ianus* is "gateway," and *January*, the opening month of the year, is named after this bearded custodian of the universe.

The face of Janus was on the gates of his temple in the Roman Forum; they were open in wartime and closed when Rome was at peace, requiring a head with two faces. One sense of *Janus-faced* is "deceitful, two-faced," and another is "sensitive to dualities and polarities."

In "Crazy English" (1989), Richard Lederer told of Queen Anne's supposed comment in 1710 on seeing the completion of Sir Christopher Wren's magnificent edifice, St. Paul's Cathedral: "awful, artificial and amusing." At the time, that was a royal compliment, with *awful* meaning "awe-inspiring," *artificial* "artistic" and *amusing* "amazing."

□

Those are merely words that flipped their definitions to the opposite, but *Janus words* retain both the original and the changed senses. In his most recent book, "Power Language" (Houghton Mifflin trade paper, $11.95), the best short course you can take in good writing and strong speaking, Jeffrey H. McQuain gathers up words that face in two directions. One is *oversight*: either "something overlooked" or the quite different "function of overseeing."

Another is *arguably*, which McQuain urges should be replaced by *certainly*, if that's your drift, or *hardly*, if you intend the opposite. A third is the verb *to table*, which in Britain denotes "to put on the table for active discussion" but in America means "to chuck it on the table to gather dust."

If words exist to communicate meaning, *Janus words* are not good words. They communicate confusion. We're stuck with the ones mentioned here so far, at least until one sense sinks and the other dominates, as "breathless in adoration" did with "yucky" in defining *awful*. But we don't have to encourage the coinage of new *Janus words*.

Consider *showstopper*, "spectacular performance that causes the audience to interrupt the show with applause," which President Bill Clinton used recently to mean "deal breaker," and for which he was roundly abused in this space. But "as any computer nerd could tell you," wrote Vicki Meagher of Bedford, Maine, "a *showstopper* (one word, no hyphen) is a bug so egregious that even avid users of a piece of software will find the product unusable. A *showstopper* stops the show, all right, and causes people to throw up their hands — but in disgust, not to applaud."

□

Can it be that this new word — barely 70 years old — has developed an opposing sense? Apparently so; when Professor Richard Gambino of the State University of New York at Stony Brook was awarded the National Medal of Technology at the White House two years ago, and began to talk tech, Clinton pointed to Vice President Al Gore and said, "talk to Al about that; he's interested in all that information technology." Writes Gambino, no mere computer nerd: "I suggest President Clinton may have picked up this usage of *showstopper* from the technology wonks he works with — perhaps Al Gore, who did in fact ask some informed technical questions."

"*Showstopper* is often used in engineering parlance," Gambino continues, "in the sense of 'something that presents an insurmountable obstacle.' For example, a boss might ask a young engineer in a project review, 'Is this problem a potential *showstopper*?' I heard this term at IBM Research in technical discussions at least as early as 1975."

Clarity lovers, awake! Stop this *Janus word* before it splits the lexicographical screen. Ensconced in my Queen Anne chair, I say it's awful, artificial and arguably amusing.

New York Times Service

BOOKS

AMERICAN PASTORAL

By Philip Roth. 423 pages. $26. Houghton Mifflin Co.

Reviewed by Michiko Kakutani

BACK in 1960, Philip Roth gave a speech in which he argued that American life was becoming so surreal, so stupefying, so maddening, that it had ceased to be a manageable subject for novelists. He argued that real life, the life out of newspaper headlines, was outdoing the imagination of novelists, and that fiction writers were in fact abandoning the effort to grapple with "the grander social and political phenomena of our times" and were turning instead "to the construction of wholly imaginary worlds, and to a celebration of the self."

These remarks — made even before John Kennedy's assassination and the social upheavals of the '60s magnified the surreal quotient of American life — help illuminate what Tom Wolfe identified (with considerable self-serving hyperbole) in the late '80s as a retreat from realism. They also help explain the direction that Roth's own fiction has taken over the last three and a half decades, his long obsession with alter egos and mirror games and the transactions between life and art.

In his latest novel, "American Pastoral," however, Roth does away with — or nearly does away with — these narcissistic pyrotechnics to tackle the very subjects he once spurned as unmanageable: namely, what happened to America in the decades between World War II and Vietnam, between the complacencies of the '50s and the confusions of the '60s, '70s and '80s. With the story of Seymour (Swede) Levov, Roth has chronicled the rise and fall of one man's fortunes and in doing so created a resonant parable of American innocence and disillusion.

The resulting book is one of Roth's most powerful novels ever, a big, rough-hewn work built on a grand design, a book that is as moving, generous and ambitious as his last novel, "Sabbath's Theater," was sour, solipsistic and narrow.

As Roth has observed himself, his books tend to "zigzag" between the two poles of his imagination: between the willfully decorous ("Letting Go," "The Ghost Writer") and the willfully outrageous ("Portnoy's Complaint," "Our Gang"), the Jamesian and the Rabelaisian. It's eminently clear that "American Pastoral" belongs to the first category, and it's also clear that its polite, dutiful hero, Levov, is the opposite number of such flamboyant egotists as Mickey Sabbath.

At the same time, Roth has taken these two contradictory impulses in himself, and used them to limn two contradictory impulses in American history: the first, embodied by Levov, representing that optimistic strain of Emersonian self-reliance, predicated upon a belief in hard work and progress; the second, embodied by the Swede's fanatical daughter, Merry, representing the darker side of American individualism, what Roth calls "the fury, the violence, and the desperation" of "the indigenous American berserk."

Whereas the collision of the prudent and the transgressive, the normal and the Dionysian, has been the source of uproarious comedy in earlier Roth novels, that same collision in "Pastoral" generates a familial — and generational — showdown with tragic consequences, one that also becomes a kind of metaphor for America's tumultuous lurch into the second half of the 20th century.

WE do not get the details of Seymour's story directly from Roth, but through the prism of Roth's favorite hero and mouthpiece, Nathan Zuckerman, the infamous star of the "Zuckerman" trilogy, who, we're told, now lives in seclusion in the New England countryside, his body and spirit ravaged by surgery and cancer.

This book boasts one of the most sensitively observed gallery of people to emerge from a Roth novel in years. In addition to Seymour and his vituperative brother, Jerry, there's their father, Lou, a businessman reminiscent of Roth's own father in "Patrimony," with "absolutely totalistic notions of what is good and what is right." There's Dawn, the Swede's beautiful wife, a woman who is neither a castrating witch nor a passive doormat — something of a rare occurrence in recent Roth novels — but a fully fashioned human being, grieved and perplexed by her daughter's defection. And there is a rich, variegated supporting cast of friends, neighbors and employees, who lend ballast to Seymour's world.

Even Merry — who at one point is described as "chaos itself" — turns out to be a complex creature, enigmatic and alarming, but also oddly recognizable: a young woman captive to her emotions, impulsive, rebellious and angry, a girl who in a space of months has exchanged 4-H meetings for violent political demonstrations. Like her father, the reader struggles to connect the dots in her life, struggles to explain how this cherished daughter of privileged parents could end up a fugitive from justice. But then, that is Roth's point: that events are not rational, that people are not knowable, that life is not coherent.

In the end, the saga of the Levov family is one of those stories out of the headlines that make the reader's head reel, one of those stories Roth once characterized as a threat to the novelist's powers of invention. It is his achievement in these pages that he has not only tackled and imaginatively harnessed such a daunting subject but has also used it to create a fiercely affecting work of art.

Michiko Kakutani is on the staff of The New York Times.

BRIDGE

By Alan Truscott

DUMMY is supposed to be dumb during the play, but the post-mortem is somewhat different. He or she may discuss matters with partner, but etiquette calls for staying out of the opponents' problems. Occasionally, however, the temptation to intervene may be irresistible.

The diagramed deal was played recently in the Israel Bridge Festival in Tel Aviv, which attracted players from more than 20 countries.

Consider what the result should be in four hearts after the lead of the spade jack. This was reached after East had opened with a weak no-trump and then retreated to two spades after North doubled.

Looking at all four hands, the reader should consider the fate of four hearts after the opening lead of the spade jack. This was ducked, and East took his king and continued the suit. South won with the queen, led to the heart ace and threw a diamond on the spade ace.

He then eliminated diamonds by cashing the king and ace and ruffing the third round. Then he led another trump, and East was caught. He had to choose between leading a club and conceding a ruff and sluff in spades. Whichever he did, South's contract was safe.

"A club lead would have beaten it," East declared, "but there was nothing we could do after a spade lead."

The dummy was Martin Hoffman of Lauderhill, Florida. Casting etiquette aside, he contradicted East. "You could have beaten it," he said.

"Just duck the first trick," Hoffman said. "Then your partner will eventually win a diamond trick and lead a club."

NORTH
♠ A 7 4
♡ A J 9 6 2
◇ A 9 3
♣ K 8

WEST
♠ J 10 2
♡ Q
◇ Q J 8 6
♣ 8 7 6 3 2

EAST (D)
♠ K 9 8 6 3
♡ K 4
◇ 7 5 2
♣ A Q J

SOUTH
♠ Q 5
♡ 10 8 7 5 3
◇ K 10 4
♣ 10 5 4

Neither side was vulnerable. The bidding:

East	South	West	North
1 N.T.	Pass	Pass	Dbl.
2 ♣	3 ♡	Pass	4 ♡
Pass	Pass	Pass	

West led the spade jack.

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CAREERS

As 'Non-Compete' Clauses Proliferate, So Do Lawsuits Over Them

By Noam Neusner
Bloomberg News

NEW YORK — When eight interest-rate options traders working in New Jersey for Exco PLC quit to join a rival in New York, the British brokerage concern sued, saying the workers had violated signed agreements not to work for competitors.

But a state judge tossed out Exco's claims, saying the agreements were "too broad" because they barred traders, for a year after leaving Exco, from working for any competitor located within 100 miles (160 kilometers) of New York City — one of the few places in the United States where interest-rate options traders can find jobs.

As more companies are learning, agreements designed to prevent workers from joining competitors often are scorned by judges who don't like contracts that make it hard for people to earn a living.

"Courts see it as the last vestige of indentured servitude," said David Carr, a labor lawyer with the firm Johnson, Smith, Pence in Indianapolis.

So-called non-compete agreements typically require an employee not to work for a competitor in a certain geographic region or for a certain period of time after leaving a company. Sometimes they carry a penalty for leaving, such as the cancellation of options to buy stock at reduced prices.

Such agreements, once found only in employment contracts of top managers, increasingly are being applied to middle managers as well.

"Human capital is increasingly more important, and everybody knows it," said Alan Sklover, a New York lawyer specializing in labor issues.

And because the agreements are being applied to more workers, more disputes are winding up in court. "Non-compete" agreements are now among the most frequently litigated contracts in the United States, according to Larry Cunningham, a professor at George Washington University Law School.

Specialists in the field say the agreements will be vulnerable to legal challenges if they can be seen as too broad or as excluding a worker from a geographic region that is crucial to a certain industry — such as Wall Street.

"The court has a hard time accepting the fact that one company can prevent a person from earning his livelihood elsewhere," E. Daniel Raz, owner of Analytic Recruiting Inc. in New York, said.

Courts are less sympathetic, however, if a worker had signed such an agreement in exchange for a bonus or other benefits — deals that top executives frequently strike but midlevel managers rarely do.

In addition, courts sometimes side with companies that argue that even employees who had not signed non-compete agreements should be barred from joining a rival that could profit from its trade secrets.

Agreements designed to prevent workers from leaving to join competitors are frequently scorned by judges as 'the last vestige of indentured servitude.'

For example, when William Redmond left the soft-drink maker PepsiCo Inc. to join Quaker Oats Co. in 1994, Pepsi sued, asking that Mr. Redmond — who had never signed a non-compete agreement — be barred from working for Quaker for six months.

The court agreed and ruled that Mr. Redmond, who was general manager for Pepsi's businesses in California, would inevitably use trade secrets in his new job as vice president of operations in North America for Quaker's sports drink, Gatorade.

"PepsiCo finds itself in the position of a coach, one of whose players has left, playbook in hand, to join the opposing team before the big game," the 7th U.S. Circuit Court of Appeals wrote in upholding a lower court's ruling.

Mr. Redmond no longer works for Quaker Oats.

But if a non-compete agreement sometimes does not prevent a worker from taking a new job, it can sometimes limit his duties for his new employer. Dow Chemical Co. last week accused General Electric Co. of stealing trade secrets after hiring 14 people from Dow's automotive-plastics group. While GE denied the claims, a Michigan judge imposed a temporary restraining order and said that a former Dow engineer, Darin Evans, could not work on certain GE projects.

In some other cases, even if a non-compete agreement does not hold up, a former employer can win a case on other grounds.

In Exco's case, for example, it failed to keep the interest-rate options traders from leaving for jobs at Cantor Fitzgerald Securities Corp. in New York. But a jury in 1996 awarded Exco $4.3 million, ruling that Cantor Fitzgerald had interfered with the traders' employment contracts, said Lawrence Carnevale of the law firm Carter, Ledyard & Milburn, which represented Exco.

"Even if you don't prevail on keeping someone out of the market," Mr. Carnevale said, "there may be some more significant damages that an employer can show."

Some labor lawyers say they are concerned that companies use the threat of litigation over non-compete agreements to intimidate workers.

Daniel O'Neill left Campbell Soup Co. for a prime competitor, H.J. Heinz Co., in January. Mr. O'Neill had signed an agreement that Campbell said precluded him from working for Heinz for 18 months. Heinz, in a pre-emptive lawsuit, said the agreement should not apply because Mr. O'Neill would work in its pet-foods and tuna unit. He had been president of Campbell's soup and prepared-foods division.

Campbell suggested that Mr. O'Neill be allowed to work for Heinz after a six-month "ice period" during which he would be required to keep a log of his conversations to prove he did not speak to Heinz employees, even socially.

The companies settled in February. Mr. O'Neill can start at Heinz on Sept. 15, and Campbell can send engineers to inspect Heinz's plants to make sure its soup-making techniques are not being pilfered. Mr. O'Neill must keep a log, but he will be allowed to mingle with Heinz employees.

Labor lawyers called the settlement a victory for Campbell. Not only did it make Mr. O'Neill's departure difficult, but the soup maker showed its other executives it would not let them leave without a fight.

Dysfunctional Boss's Damage Extends Beyond Underlings, 3 Primers Warn

By Deborah Stead
New York Times Service

NEW YORK — Some chief executives are so unbearable that companies display warning labels.

"He's awful," a midlevel manager said of her organization's chief during a job interview some years ago.

"A megalomaniac," declared the next-tier interviewer. "He'll interfere with projects, blame you for things: we're not just talking about an annoying boss here."

Presumably, the caveats were meant to weed out the weaklings who would quake before the boss — or maybe the warriors who would not.

Now, three books about dysfunctional bosses issue warnings that sound more dire: Neuroses and character flaws can do real damage to corporations, they say. Apparently, even in the lean and mean '90s, the time has come for emotionally aware executives.

In "Beyond the Looking Glass: Overcoming the Seductive Culture of Corporate Narcissism" (Amacom, $24.95), Alan Downs argues that narcissists — those interested only in image, power and profit — are invading America's corporations.

Mr. Downs, the author of "Corporate Executions," which criticized the greed behind much business re-engineering, is angry about mass layoffs and social inequities, about stifled employees and poor corporate values.

But while his bad-behavior profiles may have you nodding in recognition, they are too narrow a prism for viewing corporate America's failings or callous practices.

Narcissism, a psychoanalytic concept, is broadly defined as the inability to empathize with anyone but oneself. People with a "narcissistic personality disorder" are more or less addicted to being admired and feel special enough not to play by the usual rules.

Narcissistic managers, Mr. Downs wrote, are "insidiously toxic" to a company, despite traits often welcomed in business culture: a workaholic style, say, or obvious ambition. Overcontrolling and highly competitive, he said, they tend to create internal fiefs, turning a company into a "cutthroat organization that wastes resources competing with itself."

Perhaps most important, he concludes, narcissistic managers are obsessed with that ultimate trophy, profit. "Forget social responsibility: forget caring for employees," he wrote.

Where does all this narcissism come from? Mr. Downs cites approvingly other business psychologists who argue that contemporary society, with its emphasis on appearance over substance, is fertile soil. Corporate culture, he adds, lets it bloom.

Naming names, Mr. Downs blames narcissism for chaos, calamities and demoralizing downsizing at a number of companies. But despite some sharp depiction (and sound advice about drumming out grandiose managers), the book ultimately overstates psychology's role in shaping corporate America's basic instincts.

Now for the nice-guy side of corporate psyches: "Executive EQ: Emotional Intelligence in Leadership and Organizations," by Robert K. Cooper and Ayman Sawaf (Grosset/Putnam, $24.95).

"Executive EQ" builds on growing research in this area — some of which appears in Daniel Goleman's 1995 best-seller, "Emotional Intelligence" — and applies it to the corporate world.

Mr. Cooper, a consultant, and Mr. Sawaf, an entrepreneur who also helps schools teach emotional skills to children, argue that with today's high-tech management challenges, A does not always lead directly to B, so companies need people with good intuition.

As always, they add, businesses also require employees who are congenial, flexible and able to read emotions. Such "high EQ" people have already been found to succeed at work. The idea here is to create more of them.

"Executive EQ" can be tough going at times. Each chapter is densely packed, and there are some jarring tone shifts — wise but irrelevant lessons from a Tibetan elder, for example, mixed in with insightful counseling.

The authors also insist on some goofy equations, such as "(Calmness x Energy) - (Tension x Fatigue) = Motivation."

But executives seeking a guide to emotional understanding can find one here. The authors lay down the "four cornerstones" of executive emotional intelligence: literacy, which involves reading emotions; fitness, which includes openness to dissent; depth, which develops potential and independence, and "alchemy," the art of sensing opportunity.

Just so managers will not feel they are indulging themselves, the book recounts the success of emotionally smart managers, including some at Federal Express Corp. and at the Ritz-Carlton hotel chain, where employees are trusted enough to spend as much as $2,000, without anyone else's authorization, to solve a guest's problem.

Corporate character-building is the goal in "Protect Your Achilles Heel: Crafting Armor for the New Age at Work" (Andrews & McMeel, $19.95), by Wess Roberts, who wrote the best-seller "Leadership Secrets of Attila the Hun."

Mr. Roberts argues that the corporate world needs more managers with moral fiber, in part to resist the lure of ever-greater profit at workers' expense. (Some 8.4 million people lost jobs in corporate consolidations or restructuring from 1993 to 1995, he reminds us.)

He retells the story of Achilles, the son of Thetis (a goddess) and Peleus (a mortal), mapping out the Greek soldier's flaws: arrogance, greed and deceit, to name a few. He also suggests some corrective "shields" — humility, selflessness and honesty, for example.

Along the way, he links each flaw to a corporate failing, each antidote to a tale of success.

Despite lively writing, however, this is slim pickings. As with all management guides that draw from, say, the Bible or, in this case, Homer's "Iliad," things can get unintentionally comic — as in the wrath of Apollo reminding the author of a takeover of an auto-parts company.

And what's with the tragic-flaw stuff? Yes, greedy executives demean their employees and play the crueler capitalist games for glory and gain. But they certainly are not fallen demigods.

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THE WORLD'S DAILY NEWSPAPER

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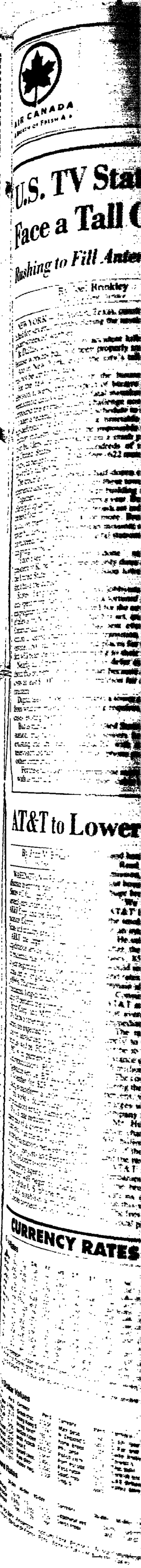
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THE WORLD'S DAILY NEWSPAPER

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BUSINESS/FINANCE

MONDAY, MAY 5, 1997

AIR CANADA
A BREATH OF FRESH AIR

U.S. TV Stations Face a Tall Order

Rushing to Fill Antenna Gap

By Joel Brinkley
New York Times Service

NEW YORK — In Austin, Texas, construction had to be halted for several months during the nesting season of the golden-cheeked warbler.

In Dallas, a construction accident killed three people because workers had not been properly trained.

And in New York, even the city's tallest skyscrapers may not be up to the task.

For the few companies in the business of building television towers, the prospect of bizarre complications, bureaucratic delays and even fatal mistakes only serves to compound the extraordinary challenge now facing them.

Under a federally mandated schedule to usher in digital high-definition television — a timetable that the construction industry says may be impossible to meet — the tower builders are embarking on a crash program across the United States to build hundreds of new television towers, at heights up to 2,049 feet (622 meters), taller than the world's tallest buildings.

The trouble is, only about a half-dozen crews have the experience and training to put up these towers.

Together, all of the U.S. tower-building teams may be able to put up as many as 20 towers a year. But each year for the next four or five years, the broadcast industry is going to call on them to build 100 or more. Broadcasters and tower builders call it a Sisyphean mission; and if they do not succeed, many of the new digital stations will be years late going on the air.

"I don't see how we can get it done," said J.C. Kline, president of Kline Towers, one of only three companies in the United States that build television towers. "We just don't have the capacity for this."

Scores of engineers, politicians, lobbyists and bureaucrats spent more than a decade in a tortured government-run program to devise the standard for the new generation of television. Now that the standard is set, and the Federal Communications Commission has lent every television station a second channel for the transition to this new service, 1,600 stations have to find places for the antennas that will beam the new programming to their viewers.

Nearly all of them had chosen to defer even thinking about this problem until now, in part because a new tower costs at least $1,000 a foot, or $2 million for a 2,000-foot structure.

Digital television does not demand a tower any different from what conventional broadcasting requires, so in many cases, existing towers may suffice.

But as many as one-third of the United States' television stations may have to put up new towers because their existing ones are loaded to capacity with antennas for television and radio stations, cellular phone providers and other communications systems.

For these fully loaded towers, even one more antenna — with as much as 2,000 feet of fat copper cable leading to it — would add more weight than the tower could bear.



Mark Peterson/The New York Times

A new television tower going up in a Dallas suburb.

The National Association of Broadcasters and Tom Vaughan, an industry consultant who specializes in towers, say their recent surveys of America's television stations indicate that 500 to 700 of them will need new towers. Some broadcast executives say those numbers may be a bit too high.

But whatever the final number of new towers turns out to be, broadcast executives know that the scope of the task will be daunting.

"It's something the world has never had to face up to before," said Bob Niles, who is in charge of the tower-building program for ABC, which owns 10 stations and expects to erect new spires for two of them. "It's a serious problem."

Until early April, the tall-tower industry was a sleepy little business that had been depressed since the early 1980s, when growth in the television industry slowed. In recent years, Kline along with its two friendly rivals — LeBlanc Communications Inc. and Stainless Inc. — have together been called upon to build maybe 10 or 15 tall towers a year, as new stations have gone on the air and existing stations have occasionally replaced towers.

Building towers is rugged, skilled, dangerous work, and "right now I would be surprised if even a dozen crews in all of North America have the training to do it," said John Miller, president of LeBlanc.

And that is just one of the problems.

Most television towers in use today were built in the

See TOWER, Page 19

Daimler Woos Thomson Bidders

Bloomberg News

MUNICH — Daimler-Benz Aerospace AG wants to team up with the winning bidder for Thomson-CSF, the French defense-electronics company, as part of its goal of encouraging integration among European defense companies.

While Germany's top aerospace company is not seeking a stake in Thomson-CSF, a Daimler spokesman, Christian Poppe, said talks were in progress with both Alcatel Alsthom SA and Lagardere Groupe's Matra Defense Espace unit — competing bidders for Thomson-CSF — to form an alliance.

"We are not talking about a joint bid," Mr. Poppe said. "We are looking for a form of cooperation or alliance."

Daimler wants to team up with the winning bidder in the areas of space flight, missiles and defense electronics, the company's chief executive, Manfred Bischoff, told the German newspaper Welt am Sonntag.

The French government, which has set a deadline of Wednesday for bids for Thomson-CSF, has accepted Alcatel Alsthom, allied with Dassault Industries, and Lagardere as suitors. Mr. Poppe said talks were continuing with both companies.

Separately, Mr. Bischoff called on the German government to decide quickly whether to buy the Eurofighter 2000 fighter jet, which is a joint project of Daimler, British Aerospace PLC, Alenia Difesa of Italy and CASA of Spain.

"Our shareholders won't be willing to accept much longer that we are losing a million marks ($579,000) a day," Mr. Bischoff said. "That's how much the delay of serial production costs." German government officials have promised a decision by July.

Mr. Bischoff, who has long championed the integration of the European defense industry as the only way to remain competitive amid shrinking national-defense budgets, said Germany's aerospace industry would only get weaker if it remained primarily dependent on German funding.

In the medium and long term, the Airbus Industrie alliance should become the vehicle for cooperation in military jets in addition to its current joint development and sale of civil aircraft, Mr. Bischoff said. That is the only way to compete with major U.S. rivals such as Boeing Co. and Lockheed Martin Corp., he said.

He said the U.S. companies had an advantage because the military technology they developed with funding from the U.S. government also benefited their civil-aircraft divisions.

He said European defense integration was needed so that technology from one sector could be easily transferred to another, such as applying jet-fighter control technology to rockets.

"The business areas must profit from one another," Mr. Bischoff told Welt am Sonntag.

He said Daimler also was seeking to buy Siemens AG's defense-electronics business as part of its effort to consolidate the European defense industry. The Siemens unit has 1.2 billion Deutsche marks in annual sales. Siemens's air-traffic business, however, was to be sold directly to Thomson-CSF, Welt am Sonntag reported.

Daimler also wants to take over the German missile company Bodensee Geraetetechnik GmbH, which is majority-owned by Germany's Diehl Group and 20 percent held by Matra. But Diehl Group does not want the company to be run by Daimler, Welt am Sonntag reported.

German aerospace companies needed to consolidate as part of the European integration process, Mr. Bischoff said.

China Plans a Trade-Rules Overhaul

Compiled by Our Staff From Dispatches

BEIJING — China, whose application to enter the World Trade Organization has been held up by complaints that its market is not open enough, plans to overhaul its rules on procurement to meet international standards and to save money.

The State Council, or Cabinet, is considering a draft law that would require government departments and organizations to handle their purchases by public bidding, said She Jianming, a vice minister with the State Planning Commission, according to a report in the official China Daily Business Weekly.

China's National People's Congress has made passage of the proposed government-procurement law a priority this year, said Cao Kangtai, executive-deputy-director of the Cabinet's legislative bureau. The rules will probably take effect in 1998, according to an unnamed person in the State Planning Commission, the state newspaper said.

Trade ministers from the United States, European Union, Japan and Canada said after a meeting in Toronto on Friday that China would have to improve access to its market for foreign companies if it wanted to join the Geneva-based trade organization soon.

China has already begun to invite public bids for equipment-buying, construction and other purchases. State businesses also use direct procurement, though, as well as "under-the-table deals and government interference, which hampers management of the bidding process," the China Daily said, citing Mr. She. The new law would provide detailed rules, legal obligations and responsibilities for the industries involved, Mr. She said.

Also on Sunday, a top tax official said Beijing planned to cut taxes for imported cigarettes, raise domestic consumption taxes on liquor and introduce taxes on other luxury items to try to deter smuggling and tax evasion.

Wang Zheng, deputy director of the taxation policy department of the Ministry of Finance, said China's 45 percent tobacco and cigarette tax would be lowered, the China Daily Business Weekly reported. The nation's 25 percent local consumption tax for liquor would be raised to conserve grain, while taxes would be introduced for nonessential luxury goods such as name-brand cosmetics, mineral water, electronic appliances and gourmet foods to help even out the country's distribution of income. *(Bloomberg, Reuters)*

■ Xerox to Expand Investment

Xerox Corp. plans to raise investment in its four joint ventures in China by $50 million a year over the next few years, Reuters reported, quoting the China Daily Business Weekly.

The company would invest $10 million to $15 million this year to expand its business to total document management from the mainstay of photocopying, the newspaper quoted Stephen Lai, vice president of Xerox's China and Hong Kong operations, as saying.

AT&T to Lower Long-Distance Rates

By John M. Broder
New York Times Service

WASHINGTON — Residential long-distance telephone rates in the United States will fall significantly in the next several years under a plan negotiated by AT&T Corp. and the Federal Communications Commission, according to officials and industry executives.

AT&T, the largest U.S. provider of long-distance service, said that it would cut residential rates by $500 million in the year beginning July 1, the first substantial cut in long-distance charges in the 1990s. That translates into reductions in residential long-distance bills of 5 percent to 15 percent, the company said.

Sprint Corp. and MCI Communications, the two other major long-distance carriers, are expected to follow suit but have not announced how large their reductions will be, FCC officials said.

MCI is in partnership with British Telecommunications PLC to provide long-distance service. BT acquired MCI last November for $23 billion and is working to transform a utility company into the world's fourth-largest global communications entity, named Concert.

The U.S. rate reductions are the last major piece of a complex compromise hammered out in the past several weeks in intense negotiations between telecommunications lobbyists and Federal Communications Commission officials.

The regulatory agency is to issue rules this week that will begin to change the economics of the U.S. phone business.

It will also establish a multibillion-dollar fund to connect schools, libraries and health-care centers to the Internet.

Reed Hundt, chairman of the commission, called the pledge by AT&T to cut household long-distance charges "a huge breakthrough."

"We have been in a firefight with AT&T behind closed doors, and now the smoke has cleared," Mr. Hundt said in an interview.

He said that over the next five years, after the major carriers reduced their rates, 85 percent of U.S. households would see their telephone bills go down and rates for the other 15 percent would remain about where they are today.

Consumer advocates cheered the AT&T announcement, saying it meant that average households would see an immediate break on their phone bills.

The rate reductions by AT&T will apply to households that do not subscribe to a discount package for long-distance usage, roughly half of AT&T's 75 million customers.

The cost of long-distance calls placed during the day and evening will fall by 5 percent, while late-night and weekend charges will decline by 15 percent, the company said.

Mr. Hundt estimated that long-distance charges would fall by a total of $30 billion in five years, with $17 billion of the benefit going to businesses and the rest to residential consumers.

AT&T and the other long-distance companies will get a windfall as a result of the broader plan that the communications commission is preparing to issue this week.

The fees that long-distance companies pay local phone exchanges for access to their customers — which are called access charges — would come down $1.7 billion in the first year of the FCC plan.

A large portion of that money will be reflected in lower rates for consumers, in part because the companies hope to get much larger reductions in access charges in the future and in part because Mr. Hundt threatened to seek new regulations on long-distance rates if the companies did not use at least part of their windfall to benefit consumers.

Although several elements of the new regulatory plan are still in flux, regulatory and industry officials indicated that the commission was likely to take a number of steps:

- It is expected to create a "universal service fund" of $3 billion to $4 billion a year to begin to pay for basic telephone service for poor, disabled and rural customers, as well as for wiring schools, libraries and isolated health-care centers. The money will come from higher charges for additional phone lines in houses and businesses, as well as from new levies on wireless telephone and paging services.
- It is likely to shift roughly $4 billion in long-distance access charges, which are now based on per-minute rates, to flat monthly charges, which would benefit many heavy long-distance users and Internet surfers. The losers will be small businesses that do not make large numbers of interstate calls.
- It is expected to increase the cost of second residential phone lines by $1 a month, from $3.50, and raise the cost of multiple business lines by $1 to $2 a month, from $5.50.

CURRENCY RATES

May 2

Cross Rates

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.945	3.1425	1.1349	0.3337	0.1137	—	5.4525	1.321	1.5545	1.4065	1.304
Brussels	35.695	57.665	20.835	6.12	2.0865	18.342	—	24.2775	0.2851	25.7125	24.57
Frankfurt	1.7256	2.7888	—	0.2966	0.101	0.889	4.8462	1.1744	1.3612	1.245	1.1857
London (c)	1.6182	—	2.797	9.4282	3.2171.92	2.1463	27.2226	2.3825	285.8826	2.7349	255.9255
Madrid	145.704	53.895	84.368	25.026	8.52	74.588	4.0828	99.34	114.49	104.25	—
Milan	1,706.69	2,754.59	989.88	293.38	—	874.38	47.813	1,163.95	13.468	1,221.50	11.736
New York (b)	—	1.622	1.7395	5.1353	1,712.00	1.345	35.67	1.471	126.595	1.1808	145.45
Paris	5.8133	9.36	3.3718	—	0.3404	2.9973	0.1634	3.9547	4.5894	4.2819	3.997
Tokyo	126.75	205.69	73.61	21.83	0.745	65.44	3.5684	86.22	—	91.40	0.8725
Toronto	1.3871	2.2422	0.7991	0.237	0.0809	0.7106	0.3875	0.9387	1.0927	—	0.9481
Zurich	1.4726	2.3787	0.8518	0.2527	0.0863	0.7572	4.1287	—	1.1624	1.0652	1.0095
1 ECU	1.1351	0.7035	1.957	6.5966	1,938.87	2.2815	40.2834	1.4688	143.781	1.5704	146.986
1 SDR	1.3688	0.8465	2.3534	7.9382	2,329.55	2.6451	48.4763	2.0008	172.733	1.8845	n.a.

Closings in Amsterdam, London, Milan, Paris and Zurich. Rates in other centers: New York rates at 4 P.M. and Toronto rates at 3 P.M.
*c: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	273.58	Mex. peso	7.943	S. Afr. rand	4.452
Australian $	1.2753	Hong Kong $	7.747	N. Zealand $	1.4486	S. Kor. won	893.00
Austrian sch.	12.111	Hung. forint	192.17	Norw. krone	7.0329	Swed. krona	7.821
Brazil real	1.0436	Indian rupee	35.745	Phil. peso	26.37	Taiwan $	27.46
Chinese yuan	8.3245	Indo. rupiah	2432.04	Polish zloty	3.16	Thai baht	26.13
Czech koruna	30.92	Irish £	0.6695	Port. escudo	173.11	Turkish lira	135065.
Danish krone	6.5475	Israeli shek.	3.4063	Russ ruble	5750.00	UAE dirham	3.6705
Egypt. pound	3.3952	Kuw dinar	0.2045	Saudi riyal	3.75	Venez. bolív.	480.50
Fin. markka	5.1819	Malay. ring.	2.508	Sing. $	1.4462		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6119	1.6111	1.6101	Japanese yen	126.09	125.57	125.00
Canadian dollar	1.3785	1.3755	1.3729	Swiss franc	1.4607	1.4557	1.4508
Deutsche mark	1.7166	1.7128	1.7090				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banco Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

Is Ericsson Moving?

Top Offices Might Go Abroad, Chief Says

Bloomberg News

STOCKHOLM — LM Ericsson AB, Sweden's largest company as measured by market value, is investigating the possibility of moving its headquarters abroad, the president of the telecommunications company, Lars Ramqvist, said over the weekend.

While not saying where the company might relocate its headquarters, Mr. Ramqvist said in an interview broadcast Saturday on Swedish Radio that the possibility "should be seen in the light of that fact that only 3 percent of our business is in Sweden."

Another advantage of moving would be to get more favorable tax rates for employees, he said.

A Swedish employee with an annual income of $50,000 now pays about 42 percent of that income in taxes to the state. One with income of $100,000, meanwhile, faces a 48 percent tax bill, while an earner making $200,000 would pay a tax of 52 percent.

"Our owners are looking at how we will, in the long term, recruit new leaders," Mr. Ramqvist said. "It is almost impossible to get foreigners to move to Sweden because of tax reasons."

Ericsson said last month that its first-quarter pretax profit rose 30 percent, to 2.02 billion kronor ($258.3 million), compared with the like quarter in 1996, as sales of its mobile phones increased in its biggest markets, including Europe, the United States and China.



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CAPITAL MARKETS ON MONDAY

Despite Low Inflation, Many Still Expect a Cautious Fed to Raise Rates

By Mitchell Martin
International Herald Tribune

NEW YORK—The financial markets saw some important thresholds crossed last week, yet many participants are positioned for an increase in short-term interest rates this month, expecting central bankers to avoid what has been called "new-age" optimism and focus instead on their traditional battle with inflation.

On Friday, the government reported that unemployment was 4.9 percent in America last month, down from 5.2 percent in March and the first time it had been below 5 percent since December 1973.

Still, the pace of job creation was slower than had been expected, and the news encouraged the markets, where the Dow Jones industrial average had just returned to the 7,000-point level for the first time in more than six weeks and the yield on the benchmark 30-year Treasury bond fell below 7 percent after trading above that level for a month.

Late Friday, reports from Washington of a deal to balance the federal budget gave a final lift to the securities markets. By the end of the day, the 30-year Treasury bond's yield had fallen to 6.88 percent from 7.14 percent a week earlier, and the Dow had a 4.9 percent gain for the week, its biggest rise in five years.

The initial reaction to the jobless report was mixed, as investors looked at the low unemployment rate and figured it would help persuade members of the Federal Open Market Committee to nudge interest rates upward at their May 20 meeting.

At their latest meeting March 25, the central bankers raised their target for the federal funds interbank overnight loan rate to 5.5 percent from 5.25 percent, the first increase in more than two years.

The increase was thought to be the first of several that could take the federal funds rate as high as 6 percent. Under Chairman Alan Greenspan, the Federal Reserve Board typically has made policy moves in a series of small steps.

Yet despite some signs of inflationary pressures, such as price increases at the wholesale level, strong retail sales and the dwindling stock of unemployed workers, American companies are not raising prices on their goods and services.

Economists are divided as to why this is so. One camp says it reflects one-time factors, including an enlargement of the labor force, and that eventually economic growth must slow or prices will start to rise precipitously. Another group maintains that the productivity of the economy has been greatly underestimated by traditional measurements and that its increasing efficiency allows for new jobs without forcing prices sharply higher.

The debate is important to the credit market. If the "new-age" camp is correct about productivity growth being far higher than measured, then 30-year bonds yielding close to 7 percent are a bargain. Yields will fall, and bond prices will rise, if inflation is not perceived to be a threat.

But although productivity may well be somewhat higher than the figures show, many analysts still find it unlikely that the Fed will risk abandoning its cautious monetary policy. As Salomon Brothers Inc. said in a weekend report, "While markets seem to be flirting with 'new-age' optimism, policymakers likely will be more cautious, reasoning that the cost of a mistake that opens the door to inflation is larger than one that provides for a pleasant disinflation surprise."

Mr. Greenspan does not deny that productivity is increasing more rapidly than measurements of it reflect, accepting some of the ideas of the economists who credit the computer industry with spurring greater efficiency.

"Certainly," Mr. Greenspan told the Senate Budget Committee in January, "the judgment that aggregate productivity has been growing faster than indicated by the official statistics seems reasonable in light of the significant business restructurings and extraordinary improvements in technology in recent years."

Technological improvements are difficult to measure. A new refrigerator, for example, may cost more than the model it replaces, and this would show up as inflation in the consumer price index. But the new one would be likely to use less electricity than its predecessor, so that by the end of the first year, the cost of owning and running it could be actually lower.

Edward Yardeni, chief economist at Deutsche Morgan Grenfell, is one of the optimists who say the economy can grow without inflation at rates faster than the approximately 2.5 percent the Fed currently accepts.

"One of the new-era insights that has to be considered is computers," he said, adding, "High-tech generally is an important contributor to our economic growth."

Although Mr. Yardeni says recent wage increases have been largely offset by technological advances, he is among the many economists who say the central bankers will push the federal funds rate to 6 percent this year, beginning with a rise to 5.75 percent May 20.

Higher rates increase the attractiveness of the dollar to international investors, giving a lift to prices of securities including long-term bonds. Meanwhile, the strong dollar exerts an anti-inflationary effect by forcing American companies to keep their prices low or lose market share to competitors from countries with weaker currencies.

U.S. Budget Accord: A 'Drop in the Bucket'

By Carl Gewirtz
International Herald Tribune

PARIS — As a market-moving event, the agreement between President Bill Clinton and the Republican leadership of Congress on a plan to balance the U.S. budget in five years is rated by analysts as at best a modest plus.

"On balance, it's positive," John Lipsky at Chase Manhattan Bank in New York said. "But I doubt it will have much impact on markets."

John Makin, an economist at the conservative American Enterprise Institute, called the accord "not an earth-shattering event" and said, "It implies a very modest net reduction of about $15 billion a year in the supply of government securities — a drop in the bucket."

David Hale, an analyst at Zurich Kemper Investments, said the deal may give some temporary boost to the markets but that close examination would show the plan to be "full of holes."

What bothers them is that the proposed tax cuts are immediate, while the spending reductions are to occur later — leaving room for plenty of slippage between intent and deed — and that congressional approval of the deal is not at all certain.

George Magnus, a London-based analyst for Union Bank of Switzerland, said that "whatever benefit markets might draw from news of the agreement could easily be swamped" if the Federal Reserve Board raised U.S. interest rates at its May 20 policy-making meeting.

Uncertainty about the Fed's intentions, made more cloudy by economic statistics that do not uniformly point to the need for another increase, is the current major preoccupation of investors.

"With the incoming economic data so ambiguous," Mr. Lipsky said, "it could prove to be somewhat awkward for the Fed to follow up on the promise to eliminate the fiscal deficit with a new tightening of monetary policy."

Mr. Lipsky said the Fed's decision would be greatly influenced by next week's reports on April industrial production, retail sales and wholesale and retail prices. "My guess now is that the Fed will not raise rates May 20," he said.

But Mr. Hale said, "There's no doubt the Fed will hike rates." He said the Fed's chairman, Alan Greenspan, had been "consistently wrong on the strength of the economy and lucky so far on inflation," and that "when you're that wrong about the economy, you don't take chances about the risk of inflation."

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending May 2. Prices supplied by Telekurs.

Rnk	Name	Cpn	Maturity	Price	Yield
Australian Dollar					
205	Australia	12	11/15/01	123.4330	9.7200
Austrian Schilling					
227	Austria	5¾	04/11/07	99.4500	5.7800
235	Austria	6⅞	06/20/05	107.9500	6.3700
British Pound					
168	Asda Group	8¾	04/24/97	100.8750	8.3000
220	Fannie Mae	6⅞	06/07/02	98.3750	6.9900
229	EIB	6	11/26/04	91.3750	6.5700
231	Britain	7	11/06/01	99.4688	7.0400
Canadian Dollar					
164	Canada	5½	02/01/00	100.3691	5.4800
Danish Krone					
3	Denmark	8	03/15/06	110.2800	7.2500
17	Denmark	9	11/15/98	107.0600	8.4100
21	Denmark	7	11/15/07	102.3900	6.8400
26	Denmark	8	11/15/01	111.20	7.1900
31	Denmark	7	12/15/04	104.8700	6.6700
36	Denmark	9	11/15/00	113.1000	7.9600
37	Denmark	8	05/15/03	111.2900	7.1900
54	Denmark	7	11/10/24	95.3600	7.3400
67	Denmark	6	12/10/99	103.5500	5.7900
86	Denmark	6	11/15/02	102.6000	5.8500
98	Denmark	7	08/15/97	100.8200	6.9400
115	Denmark	6	02/15/99	103.0400	5.8200
133	Denmark	4	02/15/00	99.0200	4.0400
136	Nykredit 3 Cs	6	10/01/26	88.4000	6.7900
183	Denmark Tbills	zero	07/01/97	99.4200	3.4800
189	Real Kredit	6	10/01/26	88.2800	6.8000
191	Nykredit Bank	7	10/01/26	95.5300	7.3300
219	Nykredit	7	10/01/29	94.1500	7.4300
233	Denmark	7	02/15/98	102.3300	6.8400
Deutsche Mark					
1	Germany	6	01/04/07	101.0514	5.9400
2	Germany	4½	11/20/01	101.5348	4.6800
4	Germany	6	07/04/07	99.6337	6.0200
5	Germany	6¼	04/26/06	101.7093	6.1400
6	Germany	8	01/21/02	112.5027	7.1100
9	Germany	6½	05/12/05	103.9531	6.6100
10	Germany	3¾	03/19/99	97.2907	3.8500
11	Germany	8¼	09/20/01	113.7927	7.2500
12	Germany	6	01/05/06	102.1922	5.8700
13	Germany	5	05/21/01	102.3187	4.8900
14	Germany	5	08/20/01	101.8680	4.9100
15	Germany	7⅜	01/03/05	108.4027	6.8000
18	Treuhand	7½	09/09/04	111.9133	6.7000
19	Germany	6½	10/14/05	106.0757	6.1300
20	Germany	6¼	01/04/24	95.3894	6.5500
23	Germany	6	02/16/06	103.2480	5.8100
24	Treuhand	7⅜	12/02/02	111.1900	6.6300
27	Treuhand	6⅛	07/01/99	103.4068	6.1600
28	Germany	5¼	02/21/01	103.1053	5.0900
30	Germany	5⅝	08/22/00	104.5838	5.5000
32	Treuhand	7¾	10/01/02	112.8203	6.8700
38	Germany	8¾	08/20/01	115.8700	7.5500
40	Germany	6½	03/15/00	103.7784	6.2600
42	Germany	7	12/22/97	102.2800	6.8400
43	Treuhand	6¼	03/04/04	104.5231	5.9800
44	Germany	5⅝	05/15/00	105.0800	5.5900
45	Germany	8	07/22/02	114.7272	6.9700
46	Germany	9	10/20/00	114.8733	7.8300
47	Germany	7⅛	12/20/02	108.8905	6.5400
48	Treuhand	6⅞	06/11/03	106.6396	6.4500
49	Treuhand	5¾	04/29/99	104.3156	5.5100
50	Germany	5⅛	11/21/00	102.7925	4.9900
51	Germany	9	01/22/01	115.5200	7.7900
52	Germany	7½	11/11/04	111.9680	6.7000
53	Treuhand	7⅛	01/29/03	107.7111	6.6100
55	Germany	3½	12/18/98	101.1022	3.4600
56	Germany	8½	02/20/01	113.9700	7.4600
57	Treuhand	6¾	05/13/04	105.5509	6.4000
58	Treuhand	6⅝	07/09/03	105.7807	6.2600
59	Germany	6½	07/15/03	106.1287	6.1200
62	Treuhand	6½	04/23/03	104.6246	6.2100
65	Germany	6	06/20/16	96.0996	6.2400
69	Germany	5¾	05/28/99	104.0700	5.3300
70	Germany	3½	09/18/98	100.1750	3.4900
71	Treuhand	6¼	07/29/99	105.3400	5.9300
73	Germany	8⅜	05/21/01	116.7170	7.1800
74	Germany	6¾	04/22/03	108.1600	6.2400
75	Treuhand	6⅛	03/26/98	102.6514	5.9700
79	Germany	8⅞	12/20/00	114.8900	7.7200
80	Germany	6	02/20/98	102.0800	5.8800
83	Treuhand	6	11/12/03	104.0300	5.7700
84	Germany	6¾	09/15/99	106.7000	6.3300
85	Germany	6⅛	05/20/99	104.8200	5.8400
89	Credit Local	5½	10/18/00	101.8119	5.4000
91	Germany	8¾	07/20/00	113.6958	7.7000
94	Germany	7	01/13/00	107.7575	6.5000
96	Germany	6	09/15/03	103.9864	5.7700
100	Germany	8	09/22/97	101.7560	7.8600
104	Germany	6¾	07/15/04	107.7080	6.2700
105	Germany	5¾	08/20/98	102.9100	5.5900
107	Treuhand	5⅝	09/24/98	102.8700	5.4700
112	Germany	5⅝	02/22/99	103.3677	5.2000
114	Treuhand	7	11/25/99	107.5600	6.5100
118	Germany	7¼	10/21/02	110.9382	6.5400
119	Germany	8¼	05/22/00	113.3615	7.7200
121	Germany	5¼	02/25/98	101.5400	5.1700
123	Germany	6⅞	12/02/98	105.0300	6.5500
127	Germany	8¼	07/21/97	101.0400	8.1700
128	Germany	6¼	02/20/98	102.2800	6.1100
138	Volkswagen	4.85	02/28/01	99.4652	4.8800
139	Germany	8½	08/21/00	112.9600	7.5200
148	Germany	6¾	06/21/99	106.1600	6.3600
154	Treuhand	5	01/14/99	102.3300	4.8900
161	Germany	7¼	01/20/00	108.4300	6.6900
163	Treuhand	5	12/17/98	102.2600	4.8900
165	Germany	5¼	10/20/98	102.4860	5.1200
166	WGZ Bank	3.289	04/25/02	99.8100	3.2953
171	Germany Tbills	zero	10/17/97	98.6214	3.0100
175	KFW	5½	03/12/07	97.2200	5.6600
184	Germany	6⅝	05/20/98	103.0900	6.1800
196	Germany	6¾	01/20/98	100.4690	6.5900
206	Germany	7¼	10/20/97	101.7800	7.1200
209	Bundesland	6	01/29/07	100.4667	5.9700
214	Germany	6¾	11/20/98	104.1700	6.1200
224	Belgium Tbill	zero	07/11/97	98.7899	6.3700
228	Germany	6⅞	02/24/99	105.6200	6.5100
240	Germany	6⅝	01/20/98	102.1500	6.2400
244	Germany	5¾	08/20/97	100.7100	5.7100
246	BA Credit Card	6	11/15/05	102.4033	5.8600
248	Cap Credit Card	5⅝	08/15/01	103.1469	5.4500
Dutch Guilder					
34	Netherlands	6¼	07/15/98	103.1500	6.0600
60	Netherlands	5¾	02/15/07	100.8000	5.7000
88	Netherlands SP	zero	01/15/23	17¼	7.0700
90	Netherlands	7½	06/15/99	107.4500	6.9800
95	Netherlands	8½	03/15/01	114.1500	7.4500
101	Netherlands	6	01/15/06	103.1000	5.8200
103	Netherlands	7¾	03/01/05	114.6500	6.7600
113	Netherlands	7	06/15/05	109.9000	6.3700
116	Netherlands	9	01/15/01	115.45	7.8000
117	Netherlands	6¾	02/15/99	105.2000	6.4200
125	Netherlands	8¾	09/15/01	116.20	7.5300
130	Netherlands	7½	04/15/10	114.5500	6.5500
137	Netherlands	8¼	06/15/02	115½	7.1400
141	Netherlands	6¾	11/15/05	108.1500	6.2400
145	Netherlands	9	05/15/00	113.6800	7.9200
153	Netherlands	7	03/15/99	105.8500	6.6100
155	Netherlands	7½	01/15/23	113.90	6.5800
169	Netherlands	8¼	05/01/00	112.8000	7.7600
177	Netherlands	8¼	02/15/07	119.20	6.9200
186	Netherlands	6½	04/15/03	107.6000	6.0400
188	Netherlands	5¾	01/15/04	103.0000	5.5800
190	Netherlands	7½	11/15/99	108.4000	6.9200
192	Netherlands	8¼	02/15/02	114.9500	7.1800
199	Netherlands	zero	06/30/97	98.9029	6.8200
207	Netherlands	7¼	10/01/04	111.6000	6.5000
223	Netherlands	5¾	09/15/02	104.1000	5.5200
ECU					
82	France OAT	5½	04/25/07	94.7500	5.8000
109	France OAT	6	04/25/04	101.2500	5.9300
111	France OAT	7	04/25/06	106.0000	6.6000
124	France OAT	7½	04/25/05	109.6250	6.8400
131	Italy	6	04/02/04	100.3750	5.9800
134	Britain	4	01/28/00	98.5000	4.6000
135	France OAT	6¾	04/25/02	106.3750	6.3500
140	France OAT	8½	03/15/02	113.5000	7.4900
147	France OAT	9½	04/25/00	113.1250	8.4000
173	Britain	9⅛	02/21/01	114.0000	8.0000
193	France BTAN	5	03/16/99	101.1250	4.9400
215	France OAT	8¼	04/25/22	114.8750	7.1800
225	UK T-note	5	01/26/99	101.0000	4.9500
230	France OAT	10	02/26/01	117.1250	8.5400
234	France B.T.A.N.	6	03/16/01	103.7500	5.7800
Finnish Markka					
185	Finland	7¼	04/18/06	107.0506	6.7700
French Franc					
81	France OAT	6½	10/25/06	105.8500	6.1400
93	France BTAN	4¾	04/12/99	101.8600	4.6600
143	France B.T.A.N.	5½	10/12/01	103.4800	5.3200
146	France B.T.A.N.	4½	10/12/98	101.2300	4.4500
179	France OAT	5½	04/25/07	94.7500	5.8000
201	France OAT	7½	04/25/05	112.7800	6.6500
241	France OAT	5½	04/25/04	101.1500	5.4400
247	France OAT	6	10/25/25	92.0800	6.5200
Japanese Yen					
151	World Bank	4½	03/20/03	114.1186	3.9400
157	World Bank	4¾	12/20/04	117.2993	4.0500
180	Spain	3.10	09/20/06	104.0000	2.9800
Norwegian Krona					
211	Norway Tbills	4.80	06/18/97	100.1730	4.7900
Portuguese Escudo					
213	ING Bank		01/30/98	95.2192	
238	Invest e Serv		10/29/99	100.6300	
Spanish Peseta					
129	Spain	10.10	02/28/01	114.3240	8.8300
182	Hipotebansa		01/18/18	99.7915	
198	Spain	8.80	04/30/06	113.2390	7.7700
Swedish Krona					
92	Sweden	11	01/21/99	109.6800	10.0300
102	Sweden	5½	04/12/02	96.7260	5.6900
159	Sweden	6½	10/25/06	95.3200	6.8200
167	Sweden	8	08/15/07	105.3960	7.5980
187	Sweden	10¼	05/05/03	117.9300	8.6900
203	Sweden	6	02/09/05	94.3540	6.3600
U.S. Dollar					
7	Brazil Cap S.L	4½	04/15/14	85.0441	5.2900
8	Argentina L	5¼	03/31/23	65.7019	7.9900
16	Argentina FRN	6¾	03/29/05	89.0581	7.5800
22	Argentina	11¾	01/30/17	106.6311	10.6700
25	British Telecom	6¾	04/25/02	99.2738	6.8000
29	Brazil L	6⅞	04/15/06	89.4051	7.6900
33	Venezuela	6½	12/18/07	88.6700	7.3300
35	Brazil par ZI	5¼	04/15/24	63.7500	8.2400
39	Mexico par B	6¼	12/31/19	72.6563	8.6000
41	Mexico	11½	05/15/26	106.3995	10.8100
61	BadWuert L Fin	7	04/30/02	100.8750	6.9393
63	Brazil	6½	01/01/01	98.1188	6.6200
64	Helaba Intl Fin	6⅞	04/29/02	100.3750	6.8493
66	Brazil S.L.	6 13/16	04/15/12	79.9063	8.6800
68	Venezuela A	6¾	03/31/20	72.6563	9.2900
72	Italy	6⅞	09/27/23	91.8750	7.4800
76	Brazil S.ZI	6⅞	04/15/24	80.0135	8.5900
77	Argentina L	6¼	03/31/23	82.7500	7.7000
78	Mexico par A	6¼	12/31/19	72.6563	8.6000
87	Bulgaria	6⅝	07/28/11	62.1875	10.5500
97	Ecuador	3¼	02/28/15	61.1611	5.3100
99	Mexico	7⅜	08/06/01	101.8135	7.4900
106	GMAC	5.976	04/29/02	99.7200	0.0000
108	Russia	9¼	11/27/01	98.0000	9.4400
110	Bulgaria	6⅝	07/28/24	63.6563	10.3100
120	Argentina	11	10/09/06	107.3750	10.2400
122	Brazil S.L.	6⅝	04/15/09	85.0000	8.1600
126	Ecuador	11¼	04/25/02	102.3750	10.9900
132	Bco Com Ext.	7¾	02/02/04	92.0000	7.8800
142	Ecuador par	3	02/28/25	43.7500	6.8571
144	Argentina	5.703	09/01/02	114.1000	1.2860
149	Argentina	5.703	04/01/01	128.6500	1.2860
150	Ecuador	6⅝	02/28/25	65.9375	9.7600
152	Finland	7⅞	07/28/04	105.3750	7.4700
156	Brazil	8⅞	11/05/01	101.3750	8.7500
158	Venezuela B	6¾	03/31/20	72.6875	9.2900
160	Mexico	11½	09/15/16	105.7639	10.7600
162	Mexico D	6.352	12/28/19	87.5000	7.2600
170	EIB	7¼	04/23/07	101.7500	7.1300
172	MBL Intl Fin	3	11/30/02	101.0000	2.9700
174	Abbey Natl TS	6⅜	03/18/02	97.8750	6.5100
176	Poland	4	10/27/14	81.3750	4.9200
178	Quebec	7	01/30/07	97.2935	7.1900
181	Spintab	6⅞	04/28/00	99.4600	6.9100
194	Venezuela	6¾	03/18/07	87.3438	7.7300
195	Mexico A	6.867	12/31/19	88.6563	7.7500
197	Bulgaria	2¼	07/28/12	46.0000	4.8900
200	3 M	6⅝	04/30/01	100.2500	6.6100
202	Brazil Cbond S.L.	4¼	04/15/14	83.3906	5.4000
204	Sweden	6½	03/04/03	99.0000	6.5700
208	Ontario	7¾	06/04/02	103.7500	7.4700
210	Panama	4	07/17/16	84.2500	4.7500
212	CADES	5⅞	12/10/01	99.5900	5.3971
216	Peru	4	03/07/17	60.0000	6.6700
217	Mexico	9¾	02/06/01	104.3750	9.3400
218	Mexico B	6¾	12/31/19	88.6875	7.1882
221	Italy	7	09/18/01	101.0000	6.9300
222	Bco Cent Brazil	6 13/16	10/14/99	84.9428	8.0200
226	Brazil	6	09/15/13	73.5500	8.1600
232	Advanta CCMT	5.793	08/15/04	100.1714	5.7800
236	Abbey Natl TS	6¾	04/25/00	100.3750	6.7200
237	Tokyo Elec Pwr	7	02/13/07	99.0737	7.0700
239	ING Bank	6¼	03/21/00	99.1250	6.3100
242	China Resources	2.00	4/30/04	99.3940	2.0100
243	Belgium Tbill	zero	06/30/97	99.0906	5.6200
245	Ontario	7⅛	01/27/03	102.1250	7.2200
249	Mydfa Trust	6 9/16	09/15/07	83.7874	7.8300
250	Argentina	8⅜	12/20/03	99.0000	8.4600

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Citic	$200	2002	0.35	100.00	—	Over 6-month Libor. Noncallable. Fees 0.20%. Denominations $10,000. (CS First Boston.)
Den norske Bank	$110	2007	0.30	99.929	—	Interest will be 0.30 over 3-month Libor until 2002, when issue is callable at par, thereafter 1.05 over. Fees 0.40%. (Chase Manhattan Bank Intl.)
Federal Home Loan Mortgage Corp.	$100	2007	0.39	100.00	—	Over 3-month Libor. Callable at par from 1998. Fees 0.30%. (Nomura Intl.)
Italy	$1,500	2002	⅛	99.803	—	Below 3-month Libor. Noncallable. Fees 0.15%. (HSBC Capital Markets.)
Repackaged Sovereign Investments	$140	2000	libor	99⅞	—	Interest will be the 3-month Libor. Noncallable. Fees 0.20%. Denominations $10,000. (Barclays de Zoete Wedd.)
Salomon	$150	2002	0.40	99.579	—	Over 3-month Libor. Callable at par from 2000. Fees not disclosed. Denominations $10,000. (Salomon Brothers Intl.)
SM Intl	$100	2002	1.00	100.00	—	Over 6-month Libor. Noncallable. Fees not available. (Merrill Lynch Intl.)
TPE Intl Finance	$100	2002	3.00	100.00	—	Over 6-month Libor. Callable at par in 2000. Fees not available. (Sumitomo Finance.)
Bankers Trust	DM400	2002	1/16	99.955	—	Over 3-month Libor. Callable at par in 2000. Fees 0.175%. (Lehman Brothers Intl.)
European Investment Bank	FF3,000	2002	⅛	99.91	—	Below 3-month Pibor. Noncallable. Fees 0.15%. (Banque Nationale de Paris.)
Fixed-Coupons						
Altos Hornos de Mexico	$200	2002	11⅜	99.939	—	Semiannually. Reoffered at 99.939. Noncallable. Fees not available. (Merrill Lynch Intl.)
Altos Hornos de Mexico	$225	2004	11⅞	99.608	—	Semiannually. Noncallable. Fees not available. (Merrill Lynch Intl.)
Bank Handlowy Finance	$150	2000	7⅛	99.798	—	Noncallable. Fees 0.25%. Denominations $10,000. (J.P. Morgan Securities.)
Banque Libano-Francaise	$125	2002	8⅞	99.90	—	Semiannually. Noncallable. Fees 1%. Denominations $50,000. (Banque Indosuez.)
CS First Boston	$500	perpt	7.90	99.713	—	Interest will be 7.90% until 2007, when issue is callable at par, thereafter 2 over Treasuries. Fees 0.875%. Denominations $250,000. (CS First Boston.)
First National Bank Chicago	$250	2000	7	101.015	100.55	Reoffered at 99.84. Noncallable. Fees 1⅛%. (Lehman Brothers Intl.)
Norddeutsche LB	$135	1998	6.385	100.00	—	Semiannually. Noncallable. Fees not disclosed. Denominations $100,000. (J.P. Morgan Securities.)
Pemex	$300	2002	8½	99.589	—	Noncallable. Fees 0.45%. (SBC Warburg.)
IBM Intl Finance	DM200	2002	4⅞	101.355	99.72	Reoffered at 99.605. Noncallable. Fees 2%. (Deutsche Morgan Grenfell.)
Autolink Concessionaires	£125	2022	8.39	100.00	—	Semiannually. Noncallable. Fees 0.625%. (Morgan Stanley Intl.)
Bradford & Bingley Building Society	£100	2007	8	99.937	—	Interest will be 8% until 2002, when issue is callable at par, thereafter 1.20 over Gilts. Fees 0.40%. Denominations £100,000. (HSBC Markets.)
Federal Home Loan Mortgage Corp.	£250	2000	6.62	99.10	—	Semiannually. Noncallable private placement. Fees 0.20%. (Yamaichi Intl.)
Oesterreichische Kontrollbank	£150	1998	6.30	100.00	—	Noncallable private placement. Fees 0.50%. (Nikko Europe.)
BGB Finance	FF750	2009	5¾	97.207	—	Reoffered at 95.557. Noncallable. Fees 2%. (Caisse des Depots et Consignations.)
Brazil	FF1,000	2002	6⅝	100.755	—	Reoffered at 99.48. Noncallable. Issue may be redenominated in euros after EMU. Fees 1⅞%. (Banque Paribas Capital Markets.)
Bayerische Hypotheken und Wechsel Bank	ITL100,000	2002	6⅛	100.235	98.75	Noncallable. Fungible with outstanding issue, raising total amount to 400 billion lire. Fees 1⅞%. (IMI Bank.)
World Bank	ITL300,000	2002	6.95	101.725	100.25	Noncallable. Fees 1⅞%. (Banca Commerciale Italiana.)
Brazil	DF400	2002	6⅝	101.325	100.25	Reoffered at 100.05. Noncallable. Issue may be redenominated in euros after EMU. Fees 1.275%. (ING Barings.)
Nederlandse Waterschapsbank	DF300	2007	5¾	101.035	99.30	Reoffered at 99.36. Noncallable. Fees 2%. (Rabobank Intl.)
Brazil	ASch2,000	2002	6⅝	101.10	—	Reoffered at 99.90. Noncallable. Issue may be redenominated in euros after EMU. Fees 1.80%. (Creditanstalt.)
BNG	SAR2,500	2017	zero	6¾	—	Yield 13.99%. Reoffered at 6½%. Noncallable. Proceeds 168 million rand. Fees 0.40%. (Toronto-Dominion Bank.)
BNG	SAR4,000	2020	zero	4.825	—	Yield 13.72%. Reoffered at 4.575. Noncallable. Proceeds 192 million rand. Fees 0.375%. (Toronto-Dominion Bank.)
Deutsche Finance Netherlands	SAR500	2027	zero	3.00	—	Yield 12.40%. Noncallable. Fungible with outstanding issue, raising total face amount to 3 billion rand. Fees 0.25%. (Deutsche Morgan Grenfell.)
Argentina	Y50,000	2004	4.40	99.85	—	Noncallable private placement. Fees not disclosed. (Yamaichi Intl.)
Eksportfinans	Y20,000	1997	4.30	100.00	—	Redemption at maturity may be in dollars. Noncallable private placement. Fees 0.55%. (Kankaku Europe.)
European Bank for Reconstruction & Development	Y10,000	1997	4.40	100.00	—	Redemption at maturity may be in dollars. Noncallable private placement. Fees 0.50%. (Kokusai Europe.)
European Bank for Reconstruction & Development	Y10,000	1997	4.70	100.00	—	Redemption at maturity may be in Australian dollars. Noncallable private placement. Fees 0.50%. (Morgan Stanley Intl.)
Finnish Export Credit	Y15,000	1998	6	100.00	—	Redemption amount at maturity will be in New Zealand dollars. Noncallable private placement. Fees 1½%. (Morgan Stanley Intl Intl.)
Finnish Export Credit	Y10,000	1999	6.20	100.00	—	Semiannually. Redemption amount at maturity will be in New Zealand dollars. Noncallable private placement. Fees 1½%. (Waka Intl.)
Portugal	Y13,000	2000	5.36	100.00	—	Semiannually. Redemption amount at maturity will be in dollars. Noncallable private placement. Fees 1½%. (IBJ Intl.)

The Week Ahead: World Economic Calendar, May 5-9

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

	Asia-Pacific	Europe	Americas
Expected This Week	**Brisbane:** The Australian Sugar Convention. Speakers include Prime Minister John Howard and Rob Borbidge, the Queensland state prime minister. **Wellington:** Chancellor Helmut Kohl of Germany visits Prime Minister Jim Bolger.	**Brussels:** April federal government spending, budget deficit, car sales and unemployment statistics are expected this week.	**Mexico City:** President Bill Clinton to meet with President Ernesto Zedillo. **Montreal:** Asia-Pacific Economic Cooperation trade ministers attend symposium on customs procedures.
Monday May 5	**Melbourne:** The Sydney Futures Exchange Ltd. and the Australian Financial Review hold the 1997 Trading Edge Expo. **Sydney:** Speech to Trans Tasman Business Circle by Dennis Eck, chief executive of Coles Myer Ltd.	**Bonn:** Economics Ministry releases March industrial output data. **Copenhagen:** March unemployment figures. **Madrid:** March industrial prices.	**Arlington, Texas:** American Airlines pilots union to release results of a membership vote on a four-year contract proposal. **Buenos Aires:** Cost of construction index and consumer-, wholesale- and producer-price data for April.
Tuesday May 6	**Tokyo:** Management and Coordination Agency releases data on household spending for March. **Wellington:** Employment figures for first quarter.	**Bonn:** Economics Ministry may release March manufacturing orders. **Nuremberg, Germany:** Unemployment figures for April. **Paris:** INSEE releases first-quarter business confidence survey.	**Mexico City:** Central bank releases foreign-reserve levels. **Washington:** April durable-goods orders, first-quarter employment-cost index, consumer confidence index for May.
Wednesday May 7	**Tokyo:** Finance Ministry releases trade balance for the first 20 days of April. **Tokyo:** Japan Electronic Industry Development Association releases data on 1996 personal-computer shipments.	**London:** The chancellor of the Exchequer and governor of the Bank of England hold their monthly monetary meeting. **Paris:** Bank of France monetary council meeting.	**Mexico City:** U.S.-Mexico Chamber of Commerce holds meeting. Speakers to include U.S. Treasury Secretary Robert Rubin. **Washington:** Labor Department reports productivity and costs for the first quarter.
Thursday May 8	**Canberra:** Reserve Bank of Australia governor, Ian Macfarlane, addresses a House committee on financial institutions and public administration. **Tokyo:** Seta Corp. initial public offering on over-the-counter market.	**Rome:** Retail sales for January to be released.	**Mexico City:** Finance Ministry releases March trade balance. **Washington:** Commerce Department reports on construction spending for March, personal income and spending for April.
Friday May 9	**Tokyo:** Economic Planning Agency releases monthly economic report after cabinet meeting. **Wellington:** Government releases preliminary population figures.	**Budapest:** April inflation figures. **Oslo:** April consumer price index. **Rome:** February industrial orders and sales.	**Mexico City:** Central bank releases inflation rate for April. **Washington:** Conference Board reports March leading indicators; Federal Reserve Board releases weekly report on commercial and industrial loans at U.S. commercial banks.

Last Week's Markets

Stock Indexes

	May 2	Apr 25	% Ch'ge
United States			
DJ Indus.	7,071.20	6,738.87	+4.93
DJ Util.	220.72	209.47	+5.37
DJ Trans.	2,605.83	2,512.74	+3.70
S & P 100	795.42	748.12	+6.32
S & P 500	812.51	765.37	+6.16
S & P Ind	954.43	902.27	+5.78
NYSE Cp	423.04	400.38	+5.66
Nasdaq Cp	1,303.94	1,209.29	+7.83
Japan			
Nikkei 225	19,514.75	18,612.86	+4.85
Britain			
FTSE 100	4,455.60	4,369.70	+1.97
Canada			
TSE Indus.	6,097.00	5,836.30	+4.47
France			
CAC 40	2,655.31	2,536.26	+4.69
Germany			
DAX	3,460.37	3,374.10	+2.56
Hong Kong			
Hang Seng	13,081.70	12,645.76	+3.45
World			
MSCIP	847.25	827.33	+2.41

World index from Morgan Stanley Capital Intl Perspective.

Money Rates

	May 2	Apl 25
United States		
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds rate	5 3/16	5 5/16
Japan		
Discount	0.50	0.50
Call money	0.41	0.44
3-month interbank	0.53	0.68
Britain		
Bank base rate	6.00	6.00
Call money	6.00	6.00
3-month interbank	6¼	6 3/16
France		
Intervention rate	3.10	3.10
Call money	3⅛	3 3/16
3-month interbank	3 5/16	3 7/16
Germany		
Lombard	4.50	4.50
Call money	3.10	3.08
3-month interbank	3.23	3.25

Gold	May 2	Apl 25	% Ch'ge
London p.m. fix $	339.65	342.25	-0.76

Euromarts

Eurobond Yields

	May 2	Apl 25	Yr high	Yr low
U.S. $, long term	7.06	7.08	7.08	6.53
U.S. $, mdm term	6.80	6.82	6.83	6.10
U.S. $, short term	6.43	6.44	6.50	5.96
Pounds sterling	7.66	7.69	7.75	7.09
French francs	4.99	4.89	5.02	4.66
Italian lire	7.45	7.43	7.78	6.98
Danish kroner	5.72	5.73	5.92	5.38
Swedish kronor	5.50	5.49	5.61	4.82
ECUs, long term	6.23	6.22	6.32	5.76
ECUs, mdm term	5.30	5.34	5.36	4.76
Can. $	6.39	6.38	6.51	5.70
Aus. $	7.47	7.50	7.86	7.11
N.Z. $	7.97	8.00	8.39	7.19
Yen				

Source: Luxembourg stock exchange.

Weekly Sales

May 1

Primary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	227.7	110.8	3,774.6	453.7
Convert.	3.3	111.3	152.4	10.5
FRNs	377.3	521.3	869.6	494.0
ECP	10,025.0	7,283.7	15,719.6	8,221.1
Total	10,633.3	8,027.1	20,516.2	9,179.3

Secondary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	23,616.7	16,965.2	71,772.3	25,217.3
Convert.	833.3	259.0	2,883.2	1,472.8
FRNs	17,329.5	6,663.4	42,236.7	7,072.2
ECP	12,627.9	11,991.1	20,260.7	25,441.8
Total	54,607.4	35,878.7	137,152.9	59,114.1

Source: Euroclear, Cedel Bank.

Libor Rates

	1-month	3-month	6-month
U.S. $	5⅝	5 13/16	5 15/16
Deutsche mark	3 3/16	3⅛	3 5/16
Pound sterling	6 5/16	6 7/16	6¾
French franc	3 5/16	3⅜	3½
ECU	4⅛	4 3/16	4¼
Yen	9/16	⅝	⅝

Sources: Lloyds Bank, Reuters.

NASDAQ NATIONAL MARKET

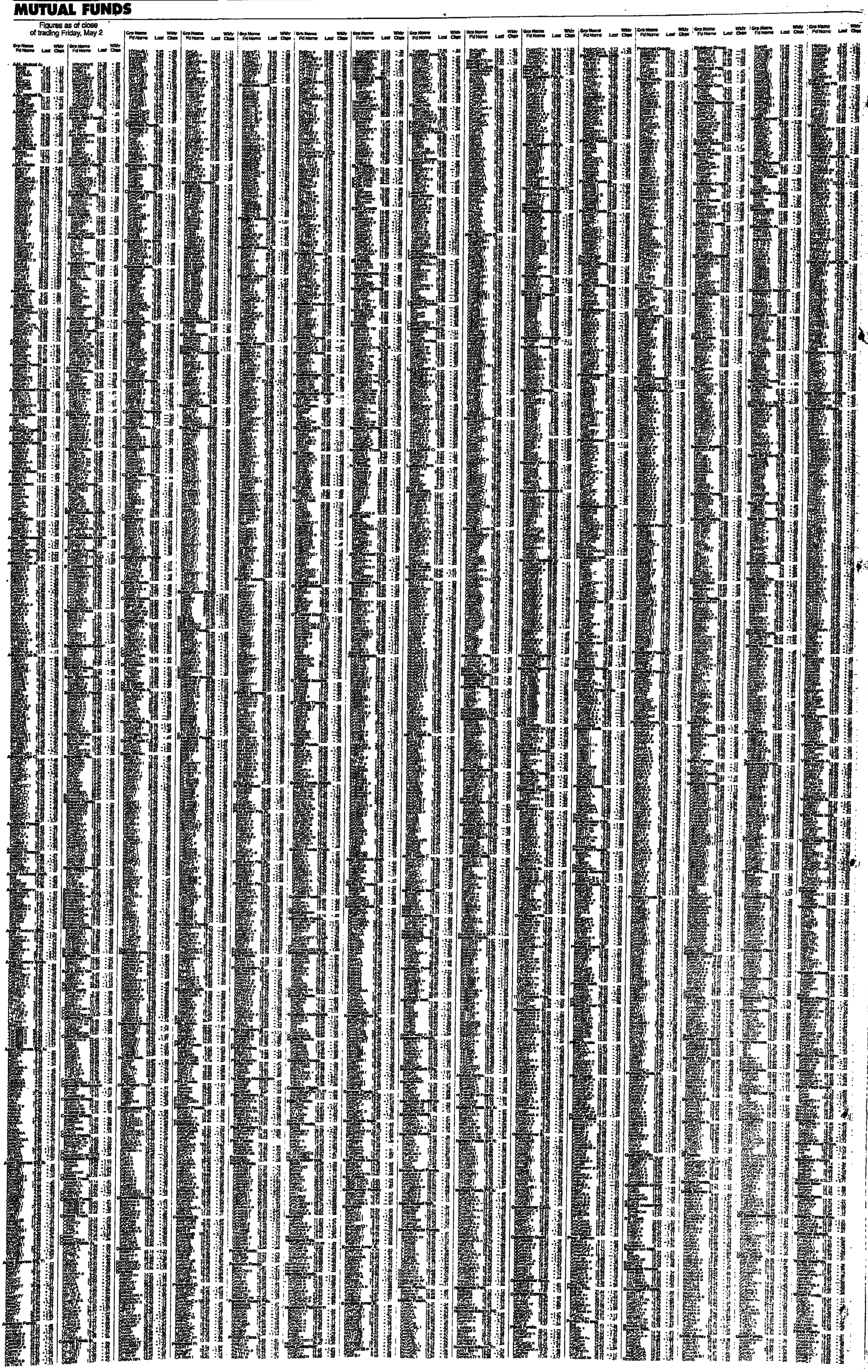
Consolidated prices for all shares traded during week ended Friday, May 2

Stocks Div Yld Sales 100s High Low Close Chge

Continued on Page 21

MUTUAL FUNDS

Figures as of close of trading Friday, May 2



The Big St
Children Follo
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Why Big Stocks Have Last Laugh

By Floyd Norris
New York Times Service

NEW YORK — A funny thing is happening to aggressive-growth mutual funds, the ones that go for the biggest winners. Investors have — shudder — taken money *out* of them.

That is a case of money chasing — or perhaps one should say fleeing — performance. Those funds vary greatly, but most of them invest primarily in small stocks; and never in the lifetime of most investors have small stocks underperformed big ones as badly as they have over the past year.

For the 12 months through April, the most widely followed indicator of small stocks, the Russell 2000, was virtually unchanged, with dividends reinvested. The Standard & Poor's 500-stock index, the big-stock measure, meanwhile, was up 25.1 percent.

That is the biggest 12-month spread in the nearly 20 years the Russell index has been around. According to Ted Aronson of the Philadelphia-based money-management firm Aronson & Partners, earlier measures of small-stock performance show that the only comparable such periods came in 1929 and 1937.

Last week, we also learned that aggressive-growth funds had a net $156 million taken out of them in April. That is not a lot of money — such funds have $265 billion in assets — but most of the funds have been losing money for some time now, and it is the first time since 1992 that such funds have seen a net withdrawal over a full month.

A year ago, the picture could not have been more different. In May 1996, just as small-stock returns were peaking, investors poured a record $9.1 billion into aggressive-growth funds — just in time to catch a year of relatively poor performance. Many fund investors tend to buy only after a prolonged rise and hold off selling until a long period of poor performance. They don't cause plunges; they just suffer from them.

Why have small stocks lagged lately? To some extent, it is a reaction to the situation a year ago, when many small stocks, particularly in technology, were greatly overvalued. Looking only at technology stocks, those in the Russell 2000 were down 14.4 percent for the year through April 30, while those in the S&P 500 were up 34.4 percent.

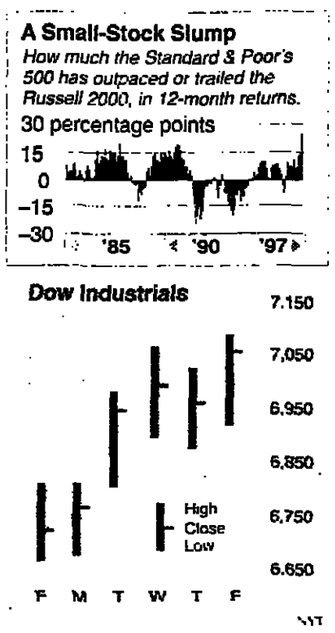
There is also the well-publicized fascination with stock index funds, which have been outperforming almost everything. Those funds primarily buy big stocks and have thus driven up prices of those stocks. Many fund managers, moreover, associate size with safety and liquidity.

Consider two software stocks. Microsoft Corp., an S&P 500 company, is up 46 percent so far in 1997 and has a market capitalization of $145 billion. It also sports a price/earnings ratio of 53. Zilog Inc., of the Russell 2000, is down 24 percent this year and has a market capitalization of less than $400 million. Its P/E ratio is 18.

If you need to raise cash quickly, it would be a lot easier to quickly sell $10 million of Microsoft stock than a similar quantity of Zilog shares, but that does not by itself make Microsoft a better long-term investment.

If there is value to be found in this market, it is almost certainly in the unloved smaller stocks. This is probably not the time to buy and put away an S&P 500 index fund.

All stocks, small or large, did fine last week, particularly when it started to appear that a big tax cut was coming. Until the politicians announce an effective date for a cut in the capital-gains tax, there will be an incentive to delay selling stocks in which an investor has a profit.



It will be interesting to see how much selling develops once investors know they can sell at a low tax rate. Until then, anyone who buys a stock that is already up a lot is taking the risk of buying just before a wave of sell orders arrives.

Disputes With Brokers To Become More Costly

By Marcia Vickers
New York Times Service

NEW YORK — For investors, the cost of complaining seems about to go up.

The National Association of Securities Dealers is expected to file a rule proposal in the next two weeks requesting that arbitration fees be increased for both investors and brokerage firms.

Under the proposed sliding scale for fees, the cost of filing an arbitration claim would increase by between 25 percent and 100 percent for investors with claims ranging from $10,000 to $5 million. For example, an investor with a $100,000 claim who now pays a $200 filing fee would pay $300.

The maximum filing charge for investors would be $850. Deposit fees for hearings — which often are refunded to investors — also would rise. On claims for $50,000 to $100,000, that fee would rise 50 percent, from $500 to $750.

"We're doing this because our expenses greatly exceed our revenues for processing arbitration claims," said Linda Fienberg, executive vice president of dispute resolution at the NASD's regulatory arm.

Last year, the association incurred a net loss of about $10 million in its dispute-resolution program, according to an internal document obtained by The New York Times. Ms. Fienberg said that even with fee increases, the group's arbitration expenses would exceed its revenue. Brokerage firms would see substantially larger increases in fees than investors would, according to Ms. Fienberg.

The companies, she said, also pay an additional fee that investors do not.

For example, on a $100,000 claim filed by an investor, a brokerage firm now pays a filing fee of $500; this would rise to $1,000. The firm also would pay a surcharge, which is scheduled to rise to $1,500 under the proposal from $350 now.

When opening a brokerage account, and often a mutual-fund account, investors sign a statement agreeing to take any dispute to arbitration rather than to court.

Member firms cover 75 percent of the costs associated with the group's arbitration forum, and investors pay the remaining 25 percent, Ms. Fienberg said.

The additional revenue the NASD hopes to raise under its proposal would help offset the general rise in the cost of arbitration, industry specialists say.

Two years ago, the group had a backlog of cases, but the backlog has disappeared in the past year, Ms. Fienberg said.

A year ago, the NASD began an overhaul of its arbitration program, planning technology upgrades and training for arbitrators. These changes are intended to lead to speedier appointments of arbitrators, faster proceedings and more diversity and more sophistication among arbitrators.

Children Follow Elders Into the World of Investing

New York Times Service

NEW YORK — Children like to spend money — whether on video games or Nikes. But more and more of them seem to be learning about saving and investing for the future from their parents and guardians.

Stein Roe & Farnham Inc., a mutual fund company in Chicago, recently sponsored a children's essay contest to encourage such practices. The question was: What are the most important things you have learned about money and investing, and how will this knowledge help you in the future?

Among the more than 1,200 entrants, from children in their sixth through eighth year of elementary school, several themes emerged. A common sentiment was that banks are a place where your money grows very slowly. For all the bankers out there trying to sell mutual funds and other investment products, those responses suggest a prickly image problem.

Many children described saving as the first step on their way to financial competency. Some had innovative approaches worked out with their parents: others talked about specific formulas, like saving 10 percent of everything earned, whether pet sitting or doing household chores. A few said they set aside a whopping half or two-thirds of what they were paid or received as gifts to help build a college fund.

Then there were a few other widely held beliefs that have sent investors of all ages down ill-chosen paths: stocks always go up; you can sell houses for more than you bought them for and make a profit; you will do well buying a stock if you like the company's product.

Here are excerpts from several of the essays:

"When I was 6, my grandfather began to teach me about the stock market. He told me I needed to learn how to invest intelligently although at the time, I'm not sure I knew what that meant. He taught me how to read The Wall Street Journal and how to follow stocks on the New York Stock Exchange and on the Nasdaq.

"When my grandfather thought I was beginning to get a handle on investing, he gave me $150 to invest in a stock of my choice. Foolishly, I disregarded everything he taught me, and I invested with my heart. I chose a stock of a minor league baseball park in my state that was listed on the Nasdaq.

"I was sure this was a sound investment, but from the day I bought it, it has continued to lose money. And last month, there was a 1-for-10 reverse split! Today, my 48 shares are four shares and my investment is worth $1. What a lesson that was!"

A New Jersey seventh-grader

"Before you invest money you have to make it. The way I do this is by using coupons at the grocery store. Every week I cut out the coupons of products we use. My mother makes a list of the items we are going to buy. Then my father and I go to the store with the coupons and the list. When we pay for the groceries, I hand the coupons to the cashier, and he or she scans them. The savings show up on the receipt.

"When we get home, my father adds up the savings, and I write the amount saved in a notebook. I save approximately $10 per week (that is over $500 per year). I put half of this savings in mutual funds, and I am able to spend the other half."

A Wisconsin fifth-grader

"My grandparents have been a good example to me. They have an investment fund for each of their grandchildren. Instead of buying me an expensive 'wonder world' for my birthday, they put money in my account. Then they buy me something smaller for my birthday, but I know that my future is growing bigger every year. I think they are very wise and love me enough to plan ahead."

A Georgia fifth-grader

"I am 10 years old. I started investing when I was 9. I want to buy a car when I'm 16.

"Just like me, my money grows over a long period of time.

"My father is a stock person. He always tells me how well my stocks are doing compared to his. Mine are doing better."

A Washington state fifth-grader

TOWER: *Tall Order for Antenna-Builders*

Continued from Page 15

1950s or '60s. Some were placed right next to the stations; others were put up in corn fields or pastures on the edge of town.

In the years since, insurance companies have begun to require television stations building towers to use tracts of land large enough so that the tower can fall in any direction without hitting anything — meaning that in some cases a circular plot with a diameter of 4,000 feet is needed. Towers do, in fact, fall on occasion. Seven of them collapsed during a storm in Minnesota and North Dakota last month. No one was injured.

The new insurance requirement makes it unlikely that many stations will be able to build towers next to their offices, and sites outside town have their own problems. Since the 1950s, the suburbs have grown up around the towers — and beyond.

In Denver, for example, where one or more new towers for digital antennas will be needed, "all the broadcasters put their towers up on a mountain outside town 35 years ago," said Robert Ross, the CBS vice president who is running the network's tower-building program.

"Back then it was just pine trees and dirt roads with lots of switchbacks. But now there are a lot of million-dollar homes out there."

As a result, the area's zoning has changed, "and we can barely touch the existing towers without lawyers and variance hearings," Mr. Ross said.

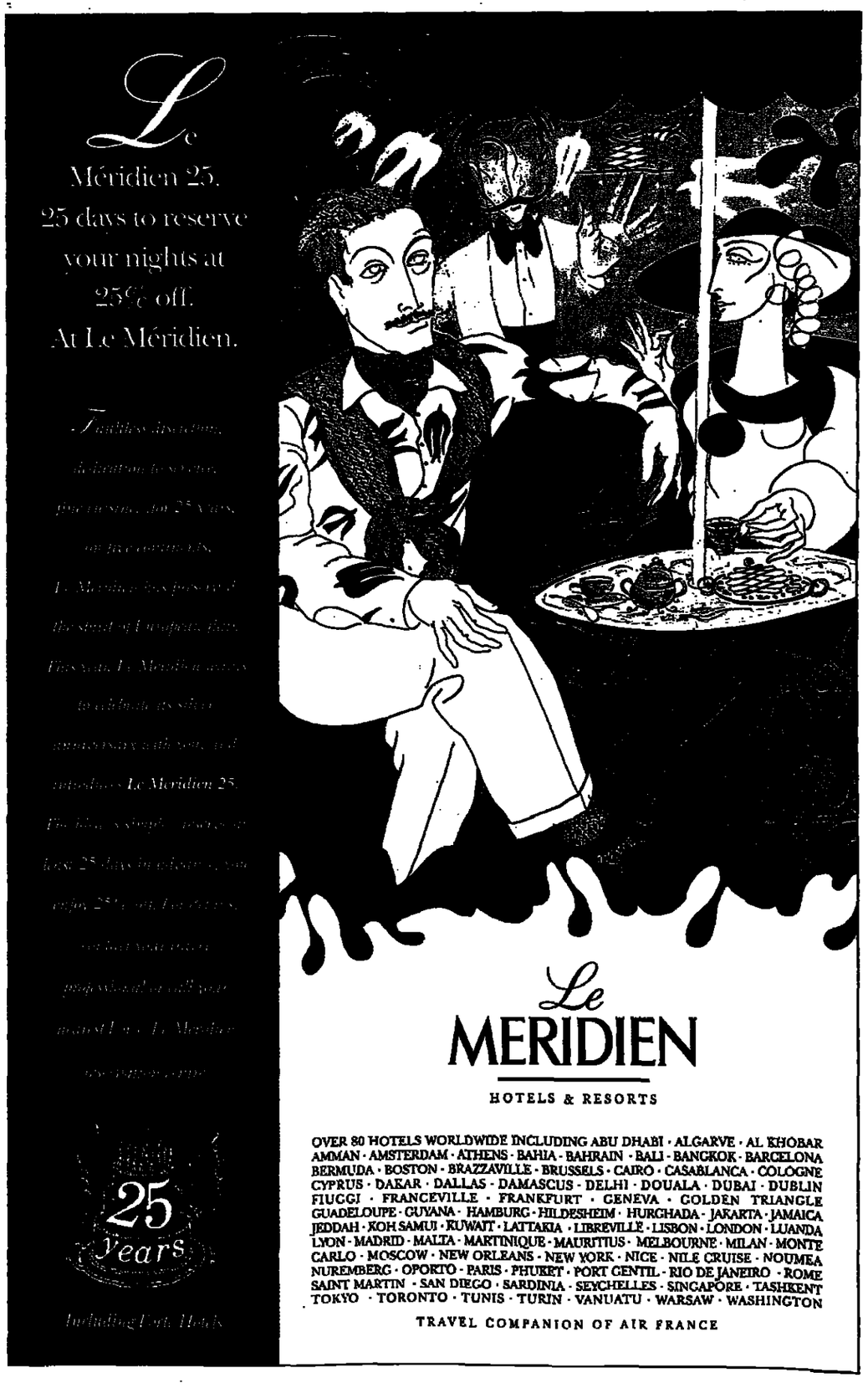
"I don't know how we're going to get a new one up," he said.

Once a station does find a large plot of land for a tower, the next set of challenges will begin: winning permission to build it. Nobody, it seems, wants a tower in their backyard.

David Brotzman, administrator of the National Association of Tower Erectors, said a recent project in Blooming Prairie, Minnesota, had to be relocated at the last minute when environmentalists complained that it was going up in the migratory flight path of a certain breed of duck.

The
18th
Oil & Money
conference will be
held on November 18-19
in London. This major international energy forum will be addressed by oil ministers from the world's largest producing nations as well as senior oil industry executives. For further details, please contact Brenda Erdmann Hagerty in London on Tel. (44 171) 420 0307
E-mail: bhagerty@iht.com
Fax: (44 171) 836 0717

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Thai Telecom Sell-Off Seen as Overwrought

Reuters

BANGKOK — New mobile phone operators hoping to crack the Thai market will face an uphill struggle against companies that already have national coverage and large customer bases, some analysts said Sunday.

The deputy transportation and communications minister, Direk Charoenpol, said last week that his ministry would seek cabinet approval for new operators to enter the market.

He said the government planned to grant four or five new licenses to private companies.

The announcement sparked a sell-off in telecommunications shares, especially of mobile phone operators, as investors anticipated lower earnings by existing operators.

But analysts said the worries were exaggerated, noting that it would take at least two years for new entrants to build nationwide networks.

"It's very difficult for those new guys to break into the market," said Michael Millar, research manager at SocGen-Crosby Securities.

"The market is very coverage conscious," he said. "So new guys have to come in from day one with similar or better coverage."

Two private companies — Advanced Info Services PLC and Total Access Communication PLC — now control the mobile phone business in Thailand. A third company, Wireless Communications Service, a joint venture of International Engineering PLC and Total Access, is expected to start service this year.

Analysts said another factor would be the sluggish economy. The government has said it expects the economy to grow at 6.8 percent this year, but some private analysts see growth sinking below 6 percent.

"The Thai economy is going to slow down and that may affect the number of new subscribers," said Paul Ngo, an investment analyst at ING Barings.

Dollar, 'Boxed In,' Awaits Fed

By Carl Gewirtz
International Herald Tribune

PARIS — Japan's return to work Tuesday after a weeklong spring vacation may add some zest to the foreign-exchange market, but analysts warn not to count on it.

The dollar ended last week at 126.595 yen and 1.7295 Deutsche marks, virtually unchanged from the previous week, as a communiqué from the Group of Seven's top finance officials and central bankers was universally derided as saying nothing new.

U.S. Treasury Secretary Robert Rubin reiterated his support for the G-7 statement on the dollar, saying Sunday that a "strong" U.S. currency had led to lower inflation.

"What we don't want to have is have currencies get out of synch with fundamentals," Mr. Rubin said.

But Jim O'Neill of Goldman, Sachs & Co. described the dollar as "boxed in." On the one hand, he said, there is "considerable anxiety that the Bank of Japan will intervene to prevent further weakness of the yen," while on the other, "everyone is on tenterhooks about whether the Federal Reserve will increase U.S. interest rates."

The Federal Reserve Board's policymakers will meet May 20, and analysts are hedging their earlier bets on a rate increase in view of last week's data showing no significant upward pressure on U.S. prices.

"There is a chance, but hardly a certainty, that the Fed will follow its quarter-point increase in March with another one this month," said John Llewellyn of Lehman Brothers. But he said there were sound reasons for the Fed to hold back.

Citing a surge in exports to explain the sharp growth in the final quarter last year and good weather in many areas in the first quarter of this year, Mr. Llewellyn argued that "economies grow above potential rates for extended periods only when there is a strong force pushing it." The possible forces, he said, include an expansionary budget deficit, an aggressively easy monetary policy or strong export growth, "none of which currently apply in the United States."

Mr. Llewellyn does not rule out the possibility that runaway spending by companies and consumers could give new life to the U.S. boom, but he doubts it. "This U.S. business cycle is different," he said, citing increased world competition that prevents companies from raising prices, frightened workers who are more interested in job security than wage increases and "vastly better" monetary and fiscal policies that are keeping the economy in control.

In no small part because of the rise in the dollar, which is up 14 percent against the mark and nearly 12 percent against the yen in the past six months, Mr. Llewellyn said, "U.S. growth is set to slow throughout the rest of the year."

Mr. O'Neill said he expected the dollar to trade cautiously until the Fed meeting. If interest rates are not increased, he expects the dollar to drop below 1.70 DM and to the low 120s against the yen. But if the Fed does raise rates this month, Mr. O'Neill sees the dollar pushing beyond 1.77 DM and 129 yen.

SHORT COVER

Waterford Foods Rejects Takeover

DUBLIN (Bloomberg) — The boards of Waterford Foods PLC and Waterford Co-operative Society Ltd. on Sunday rejected a takeover bid from Avonmore Foods PLC that valued the company at £281 million ($419.7 million).

Waterford Co-operative, which owns 68 percent of the shares in the dairy company, said the bid did not "reflect the underlying value of the Waterford business."

Microsoft Plans Training Drive

ORLANDO, Florida (Bloomberg) — Microsoft Corp. has announced a plan to recruit and train computer workers, saying 190,000 U.S. jobs are vacant for a lack of trained applicants.

Microsoft said Saturday that it would spend several million dollars providing training to colleges, technical institutes and working professionals. The company's Skills 2000 program is designed to address U.S. Department of Labor estimates that 80 percent of the new jobs created over the next 10 years will involve new and expanding technologies.

Kuwaiti Slams Privatization Policy

KUWAIT (Reuters) — The speaker of Kuwait's Parliament warned that government privatization policies could cause an economic catastrophe and a security problem, newspapers reported Sunday.

The newspaper As Seyassa quoted Ahmad al Saadoun as saying that the program was "pushing toward concentrating the whole state in the hands of a small group of people."

The state has sold stakes in 22 listed and unlisted firms for 740 million dinars ($2.43 billion) since the program was started in September 1994. Shares worth an additional 1 billion dinars are to be sold by the end of 1998.

Goodyear Gets Deal With Union

CHICAGO (Reuters) — Goodyear Tire & Rubber Co. and the United Steelworkers of America have agreed to a new, six-year labor contract that, if ratified, would end a strike begun April 20 by nearly 13,000 U.S. rubber workers.

Details of the agreement, reached Saturday, were not announced, but the union, which represents the rubber workers, said it met their objectives. "The proposed agreement provides improvements in wages and benefits and addresses the employment involvement issues, among others, that we had identified as important," said Dick Davis, a union spokesman.

NO DEAL: *In a Blow to Mediobanca, a Merger to Create an Italian Fashion Powerhouse Collapses*

Continued from Page 1

Sunday that the weekend development would probably have implications that transcended the terms of the collapsed deal itself.

"The significance of this debacle," said Francesco Micheli, a prominent financier, "is more important than the episode itself because it could mean that new protagonists, including foreign investment banks, will now be able to play a greater role on the Italian business scene."

The Marzotto group said it had pulled out because of "irreconcilable differences" over corporate strategy. But the move was seen in Italy on Sunday as an embarrassment for Enrico Cuccia, 93, the head of Mediobanca. It was also seen as a setback for Cesare Romiti, the recently convicted Fiat chairman who had supported the merger, and whose son Maurizio Romiti was set to be named as managing director of the new entity.

Since 1946, Mr. Cuccia has been able to shape much of Italy's private sector, spinning a spider's web of industrial and financial shareholdings that became known as the *ala nobile*, or noble wing, of Italian capitalism.

An emerging generation of Italian investors and managers, however, is calling for more market democracy and is increasingly vocal in its criticisms of Mediobanca's behind-the-scenes methods.

So important to Mr. Cuccia and to Mr. Romiti, 73, was the planned pooling of Marzotto with other Fiat and Mediobanca assets that Giovanni Agnelli, the honorary president of Fiat, in March explicitly endorsed the accord as "an excellent deal."

Mr. Cuccia, meanwhile, last week broke his tradition of acting in silence when he spearheaded a public letter-writing campaign to express solidarity with Mr. Romiti, who was convicted last month on charges of tax fraud, falsifying Fiat accounts and sanctioning a slush fund for illicit payments to political parties.

Italian business insiders said Sunday that against this backdrop, much was riding on the success of the merger.

A previous attempt by Fiat and Mediobanca to create a conglomerate with similar assets was stopped in late 1995 amid complaints from minority shareholders and objections from regulators.

"This was merely another power play by Cuccia and Romiti, and the fact that it has collapsed could mark a turning point for Italian capitalism," said a leading Milan business executive who asked not to be named.

An executive with a fashion company involved in the failed merger, who asked not to be identified, said it had always been obvious that the deal was a financial maneuver and not a fashion one.

"It didn't make any sense, and everyone was skeptical," he said. "And the rejection is not going to affect the fashion business. What would have been a disaster is if they had dislodged Pietro Marzotto. He is a great manager and understands fashion. It is more than just financial games to him."

Mediobanca executives could not be reached for comment, but in a joint press release with the Marzotto group, the board of the Fiat-Mediobanca affiliate that was to have been part of the merger expressed "regret."

The board of Marzotto, meanwhile, said that the irreconcilable differences that had caused it to call off the deal involved "principles of organization, the sharing of responsibilities and procedures for directing and controlling the group of companies." The Marzotto board also said it had differed with its potential partner over "group financial policy, goals, and in particular the use of risk capital and lending."

An executive close to the deal said Marzotto family members were fearful that Mr. Marzotto would end up surrendering real decision-making power to Maurizio Romiti, who until recently served as a close aide to Mr. Cuccia.

In addition, Mr. Marzotto's strategy was to use cash to make acquisitions in the textile sector and focus on a Europewide industrial strategy, while family members were said to fear that Mediobanca would have used the new entity as a vehicle to invest in other industries and to engage in financial rather than industrial operations.

Some players in the Italian fashion world had hoped the merger would create a powerful global force.

"It is a big surprise and a great pity," said Giancarlo Giammetti, a business partner of Valentino, which is manufactured by GFT.

"We had hoped that this would be an all-Italian conglomerate of luxury to compete on the international market like LVMH," Mr. Giammetti said in Paris on Sunday, referring to the luxury-goods company LVMH-Moet Hennessy Louis Vuitton. "Today in the global market, financial operations are almost more important than the fashion element," he said. "You have to be tough enough and have the means enough to compete. We were all hoping that the new Italian luxury group would have been at that level, and it is a great disappointment."

JAPAN: *Tokyo Confronts the Price of Redistributing Its Wealth*

Continued from Page 1

rebuild itself as a land where everyone was equal. The government established an aggressive system of taxing the wealthy and subsidizing the poor, hoping to eliminate the highs and lows and create a society where everyone was comfortably in the middle.

That vision largely has come true. Only 2 percent of Japanese households have incomes of less than $16,000 a year, and only 2 percent have annual incomes topping $160,000. The vast majority are in the middle: Just over half of Japanese households earn between $35,000 and $75,000 a year.

Japan's average per-capita income last year was $31,886. The richest place in the country was Tokyo, where the average per-capita income was $35,200, and one of the poorest was Sata with an average per-capita income of $19,240 — a relatively modest span between wealthy and needy.

"Modern Japan is almost neurotic in pursuing economic equality and has achieved it to a degree not achieved anywhere else," wrote Taichi Sakaiya, a prominent author and commentator on Japanese society, in his book "What Is Japan?"

The effect of Japan's relatively narrow income gap can be seen here in ways large and small. Only 1 percent of the population is on welfare. Public schools in every part of the country look alike, because the government guarantees parity right down to the books in the library. Japan has a 99.9 percent literacy rate.

Corporate titans have relatively modest incomes — the average chief executive earns about $300,000 a year — resulting from a purposeful effort to prevent a gigantic divide between entry-level workers and the company president.

The parity is obvious in almost any neighborhood in Tokyo. There are no equivalents here of exclusive Beverly Hills or desperate Bronx slums; things are more mixed. One branch of Japan's richest family, the Tsutsumis, lives in a fabulous walled compound in the Hiroo neighborhood of Tokyo. A few doors down, a working-class family sells cucumbers, tomatoes and milk from the door of their one-room house.

"Japan is more of a semi-socialist society than a capitalist country," the economic analyst Kimindo Kusaka said.

But the question now facing Japan is: Can it, and should it, continue paying the price to maintain the equality it has built in the last 50 years? Already, economists say, the gap between rich and poor has widened slightly in recent years. Many argue that if it is to jump-start its stagnating economy and remain competitive, Japan will have to adopt reforms that will create an income gap more like that of other rich trading nations.

"The smallness of the gap is a good thing," said Iwao Matsuda, a lawmaker in the opposition New Frontier Party, "but it is being maintained at big expense."

He and many other critics argue that Japan, to stay competitive in the world, must scale back its massive central government, deregulate its economy and loosen the government's grip on life in general to allow market forces to work more freely.

The government cannot continue to subsidize the poor through a 50 percent income tax on wealthy citizens or a 37.5 percent corporate income tax, Mr. Matsuda said. He and other critics say the 70 percent tax rate on inherited wealth also must go because it represents outdated and excessive government interference. That tax raises a bundle for the government, but it also forces families to sell their homes when their parents die.

Many economists think Japan uses pork-barrel projects as a crutch. The massive amounts of money the government spends on public works and construction keep many people working. But many observers say that money would be better spent on new industries, factories or other investments that would generate income and far greater numbers of jobs.

Already, there are signs of cracks in the system of wealth distribution. Japan is rapidly becoming the world's oldest society, and those elderly people need expensive medical care that is putting a huge strain on the national health insurance system.

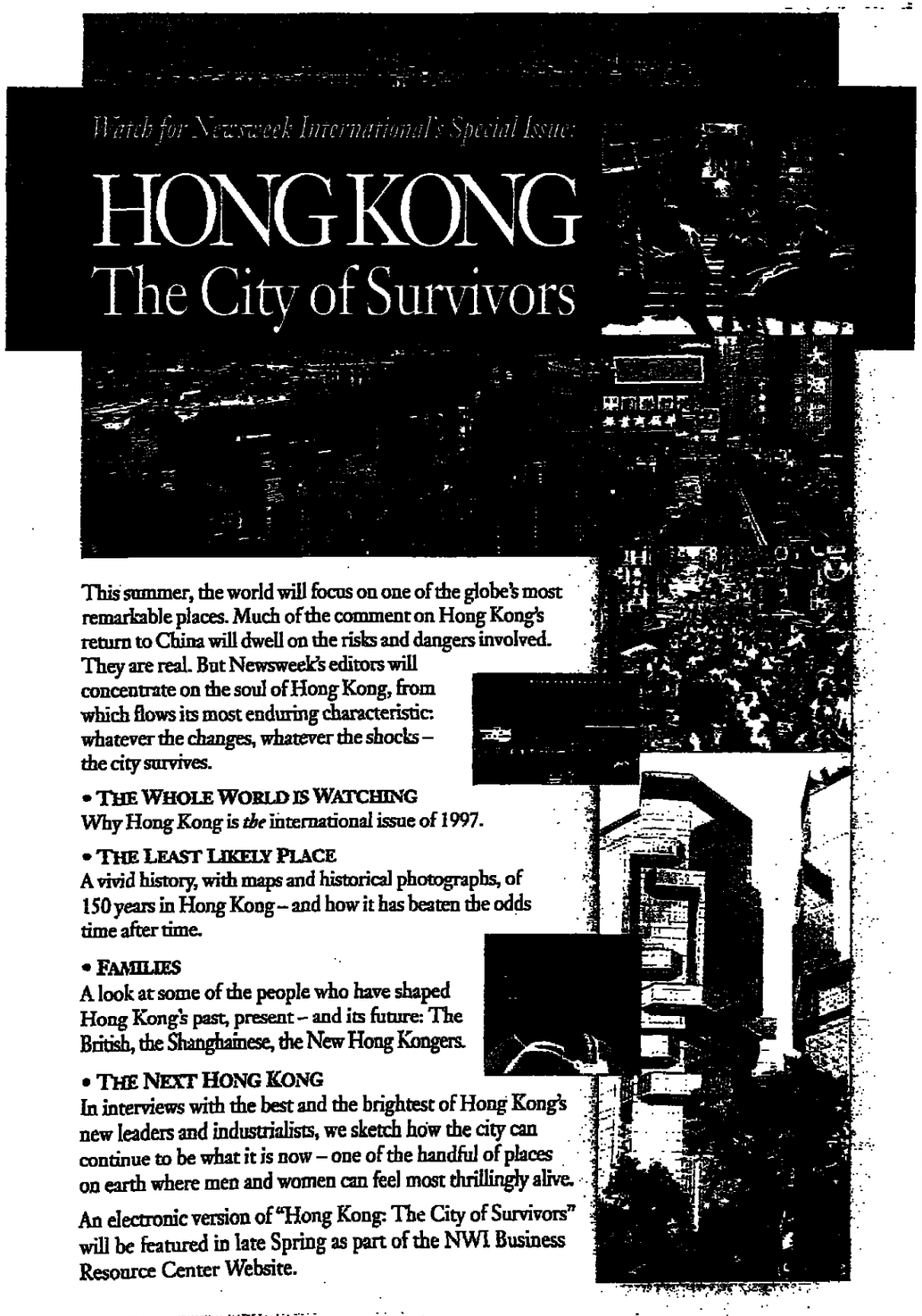
The government is grappling with huge debts built up by banks during the "bubble" economy days of the early 1990s, and for the first time it is allowing banks and credit unions to fail. The national railroad is billions of dollars in debt.

A small but increasingly visible number of homeless people live in cardboard boxes on the streets, in subway stations and some neighborhood parks. Beggars and bankruptcies, until recently viewed here as an American problem, are becoming more common.

Taken together, such problems mean Japan has less money for education grants, agricultural subsidies, public works projects and other programs designed to even out the distribution of wealth between cities and rural areas.

Just as important, the national political landscape has changed. For almost 40 years, the Liberal Democratic Party held single-party rule. That enabled it to collect tax revenues from wealthy urban areas and distribute them to the poorer rural areas. In return, vote-rich agricultural Japan showed its gratitude with decades of support for the party's politicians.

But the equation has changed: The Liberal Democratic Party is still in control, but it must share power with several smaller parties, and the buzzword in Tokyo these days is reform: smaller government, less regulation, a more nimble economy where market forces are allowed to work.



This summer, the world will focus on one of the globe's most remarkable places. Much of the comment on Hong Kong's return to China will dwell on the risks and dangers involved. They are real. But Newsweek's editors will concentrate on the soul of Hong Kong, from which flows its most enduring characteristic: whatever the changes, whatever the shocks – the city survives.

• THE WHOLE WORLD IS WATCHING
Why Hong Kong is *the* international issue of 1997.

• THE LEAST LIKELY PLACE
A vivid history, with maps and historical photographs, of 150 years in Hong Kong – and how it has beaten the odds time after time.

• FAMILIES
A look at some of the people who have shaped Hong Kong's past, present – and its future: The British, the Shanghainese, the New Hong Kongers.

• THE NEXT HONG KONG
In interviews with the best and the brightest of Hong Kong's new leaders and industrialists, we sketch how the city can continue to be what it is now – one of the handful of places on earth where men and women can feel most thrillingly alive.

An electronic version of "Hong Kong: The City of Survivors" will be featured in late Spring as part of the NWI Business Resource Center Website.

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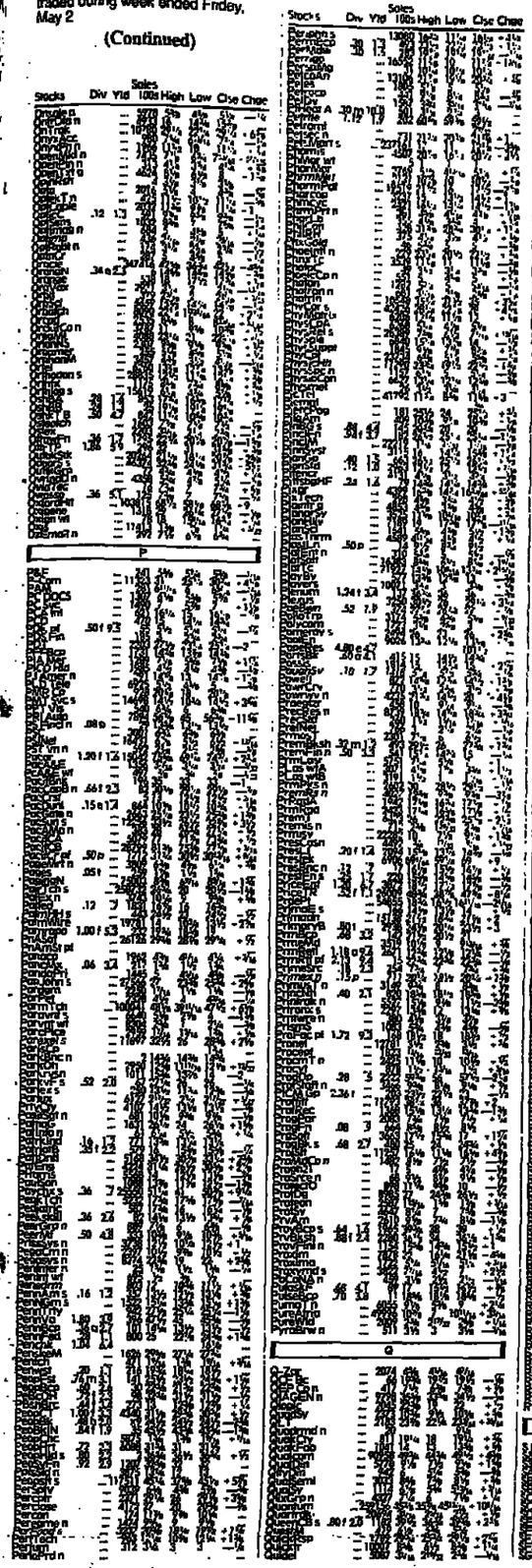
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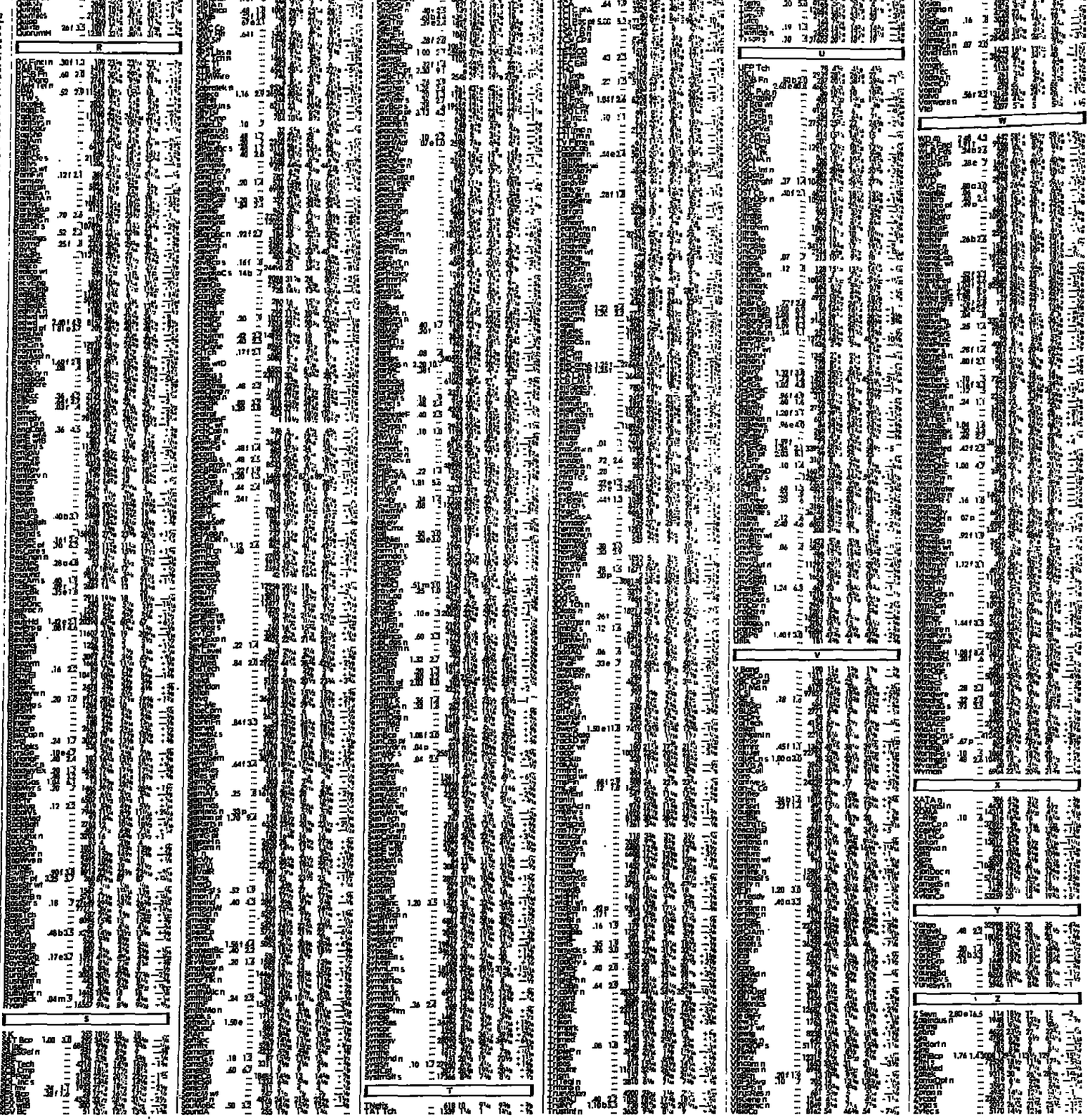
'97: Outlook

NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, May 2

(Continued)

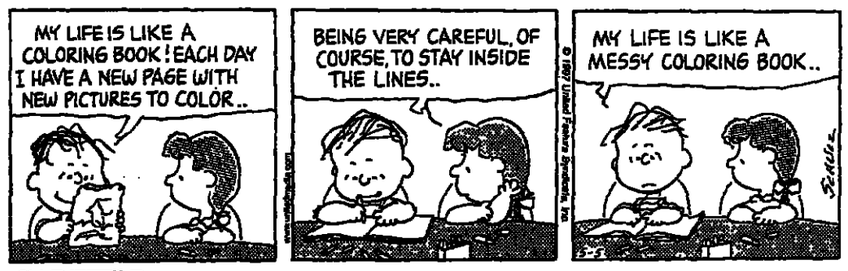




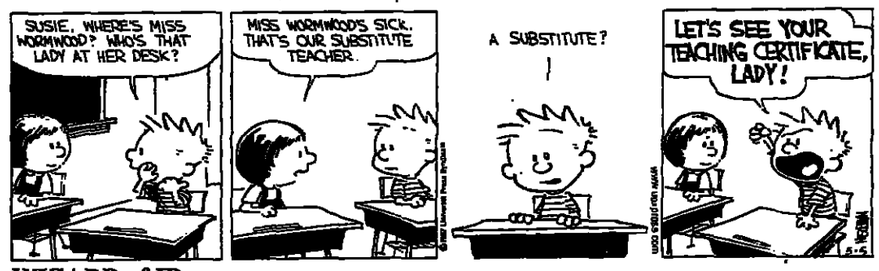
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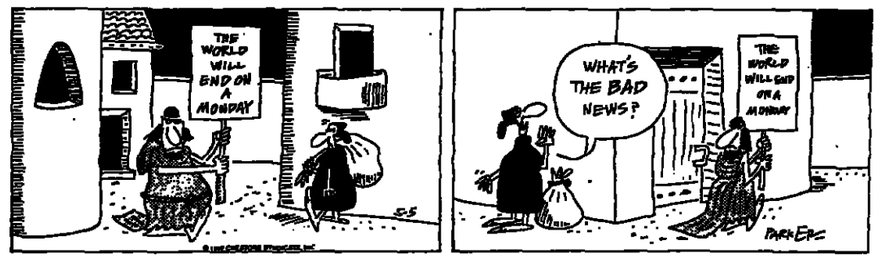
CALVIN AND HOBBES



GARFIELD



WIZARD of ID



JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

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CALPEA

ROUPAR

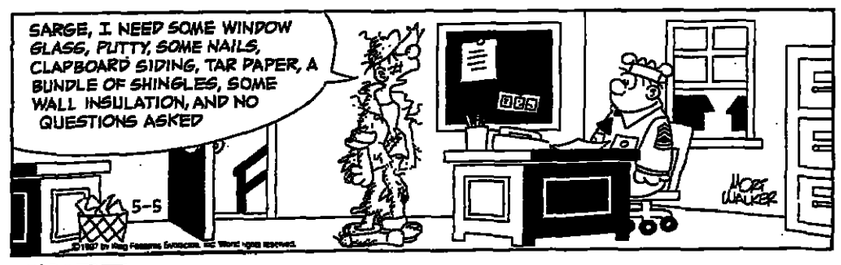


Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: (Answers tomorrow)

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Parma Triumphs, 2-1, Keeping Title in Sight

Juventus Lead at Top of Italian League Shrinks After 0-0 Tie With Sampdoria

Compiled by Our Staff From Dispatches

Enrico Chiesa returned from an injury and scored as AC Parma rallied to beat Atalanta of Bergamo, 2-1, Sunday to keep alive its hope of catching Juventus of Turin at the top of the Italian league.

Juventus settled for a 0-0 home tie with Sampdoria of Genoa and its lead shrank from six to four points with five rounds of games to go. Juventus and Parma meet in Turin on May 18.

EUROPEAN SOCCER

At Bergamo, Atalanta took the lead with a controversial goal by Gianluigi Lentini. The linesman had waved his flag to indicate that Filippo Inzaghi was offside, but the referee allowed the goal, provoking a protest by Parma players.

Hernan Crespo equalized with a header in the fifth minute of first-half injury time, and Chiesa — who had been sidelined for more than a month with a hurt leg — won the match by slotting home a shot from an acute angle in the 66th minute.

Parma's victory also increased its lead over third-place Internazionale of Milan which lost, 1-0, to Vicenza on Saturday night. Second position will earn a team a place in next season's Champions League.

Behind Inter, five teams battling for UEFA Cup places are separated by three points

Lazio, which is fifth, salvaged a 1-1 draw against Rome rival Roma with an injury-time goal from Igor Protti. Lazio played the second half with just 10 men.

ENGLAND Ole Gunnar Solskjaer scored two crisp goals to rescue Manchester United at Leicester City on Saturday. The Premier League leader, which trailed 2-0, gained a 2-2 draw and one of the four points it needed from its last four games to retain its title.

Arsenal, which started the day in second place but has played more games than any of the other leading clubs, lost at home, 1-0, to Newcastle and cannot catch the leader. Liverpool, which climbed to second with a 2-1 victory over Tottenham Hotspur, and fourth-place Newcastle are the only teams capable of overtaking Manchester United.

Robbie Elliott scored Newcastle's winner at Highbury. Newcastle is nine points behind the leader with three games left. Newcastle finished a bad-tempered game with 10 players. Keith Gillespie was sent off after collecting two of the game's 10 yellow cards.

Liverpool lies three points behind Manchester United and has two games left.

In the struggle to avoid relegation, Fabrizio Ravanelli scored a last-minute penalty as next-to-last Middlesbrough beat Aston Villa 3-2.

Last place Nottingham Forest managed only a 1-1 tie at home to Wimbledon and was relegated.

At the bottom of the third division of the Football League, Brighton, which 14 years ago was in the top division, avoided dropping out the league altogether when it tied its final game, 1-1, at Hereford.

The two clubs finished even on points but Brighton had scored more goals. Hereford dropped out of the league after 25 years. *(AP, Reuters)*



Antonio Scorza/Agence France-Presse

Michael Johnson, left, finishing ahead of Vincent Henderson Sunday.

Bailey and Johnson Win in Rio

Compiled by Our Staff From Dispatches

RIO DE JANEIRO — The Olympic sprint gold medalists, Donovan Bailey and Michael Johnson, easily won the 100-meter and 200-meter races, respectively, at the Rio Grand Prix track and field meet Sunday.

A crowd of about 10,000 cheered the affable Bailey but booed Johnson, who had been deemed unfriendly by the local press. After Johnson won in 20.29 seconds, he was loudly jeered.

Bailey, competing in his first individual race of the year, won in 10:13.

The Canadian blamed the early morning start for what he described as a disappointing time. *(AP, Reuters)*

A Full-Court Press Now In Women's Basketball

By Amy Shipley and Karl Hente
Washington Post Service

MINUTES after the Women's National Basketball Association wrapped up its inaugural player draft, the American Basketball League, the only other women's professional league in the United States, raised the stakes.

The ABL's co-founder, Gary Cavalli, announced to a national audience that his league had beaten the WNBA for the University of Connecticut's star center, Kara Wolters.

The timing of the news conferences last week was strikingly illustrative. While the two new women's leagues fight to get off the ground, they are also fighting each other — for players, attention and marketing dollars. At the corporate level, the ABL and WNBA are entwined not in a spirit of sisterhood, but in a fierce competition.

It's a telling development considering that no professional women's basketball league has yet survived in the United States.

"Hopefully it won't hurt women's basketball overall," said Katrina McClain, a 1996 Olympian who recently signed with the ABL's Atlanta Glory. "What makes me kind of fearful about the whole thing is, with basketball in the summer and the winter, we're throwing a lot of women's basketball at the public."

The competition has grown more pronounced as the WNBA, backed by the considerable marketing muscle of the National Basketball Association and a network television deal, approaches its start June 21. With the WNBA climbing into its ready-made spotlight, the ABL — which holds its draft Monday — seems to be on the attack.

Spending far more on salaries than the WNBA, the ABL has landed most of the big-name college graduates in recent weeks. Its most significant signing was Kate Starbird of Stanford, the Naismith Award winner, who will play for the Seattle Reign. After losing $4 million in its first season, the ABL has vastly increased its talent for the start of its second season in the fall.

While Val Ackerman, the head of the WNBA, tried to move away from combative statements, saying that the two leagues are "complementary," Cavalli has occasionally sounded like a Pepsi executive who just stole a few market-share points from Coca-Cola.

"It's been very stressful," Cavalli said. "For every top player signed, it's been a battle going up against the most successful, prestigious basketball machine in the world."

Nancy Lieberman-Cline, a Hall of Fame player who will join the WNBA's Phoenix Mercury, does not share Cavalli's feelings — but she understands them. The WNBA has not had to work for exposure: Its ads have appeared during every NBA broadcast on NBC since March 9 and all 29 NBA teams have aired the ads on team television and radio broadcasts.

Eventually, Lieberman-Cline said, she expects the leagues will merge. "It's David and Goliath," she said. "The WNBA feels it can take its time and build a foundation for the long term. I think the ABL has to be a little more aggressive in its approach." It has been. Pointing out that the ABL has landed such stars as Georgia's La'Keshia Frett, Alabama's Shalonda Enis, Florida's DeLisha Milton, Notre Dame's Beth Morgan and Georgia's Kedra Holland-Corn, Cavalli said: "I wouldn't go so far to characterize it as a landslide.

"But, we identified 13 players out of college we felt we should have. Of the 13 we identified, we signed eight. The WNBA signed three."

Players say they are signing with the ABL because of the quality of competition, the timing of the season and the places the teams play. Wolters, who signed with the New England Blizzard, said the biggest factor in her decision was staying at home and playing in front of Connecticut fans. The bigger salaries also have been an enormous lure for the ABL.

Top ABL players, such as Starbird and Wolters, will earn $150,000 in base salary next season — a $25,000 increase from the league's first 40-game season. The ABL's minimum salary, $50,000, is more than the $37,500 that will be paid to the top three picks in the WNBA draft: USC's Tina Thompson and Pam McGee and Stanford's Jamila Wideman.

WNBA salaries decrease through the rounds of the draft, with fourth-round picks such as George Washington's Tajama Abraham earning $15,000. The WNBA says it is striving to keep salaries under control.

It also touts the substantial number of overseas players it has attracted to play alongside such American stars as Sheryl Swoopes, Rebecca Lobo, Lisa Leslie and Lynette Woodard. Players have chosen the WNBA for its apparent security, shorter season and the guaranteed exposure. "With the NBA backing, you can't go wrong," said Virginia's Tora Suber, a first-round pick of the Charlotte Sting.

Ackerman seems unconcerned by the ABL's recent signing blitz. Perhaps that's because, with the NBA firmly behind it, the WNBA does not need to be unnerved about anything. Games will be shown three times a week on national television. The WNBA has seven national sponsors, according to Ackerman, and is expecting to announce two more.

Whereas ABL games were on networks that reach 66 million homes, the WNBA has much wider exposure, led by NBC, a national network, and ESPN, the sports network.

"We don't believe high salaries and high debt will be a formula for the long-term success of a sports league," Ackerman said.

The WNBA will play a 28-game schedule during a two-month season this summer, the least active time on the sports calendar.

The ABL's 40-game season took place last fall and winter. Also, while the WNBA has franchises in large-market NBA cities, the ABL put its franchises only in smaller cities, careful to select regions it believed would be receptive to women's basketball.

Though it averaged 3,536 fans a game — above the preseason projection of 3,000 — and still suffered $4 million in losses last year, the ABL was recently fortified by $6 million from a new group of investors and has expanded to a ninth city, Long Beach, California.

Sebastian Enjolras, 21, Killed on Track to Formula One

By Brad Spurgeon
International Herald Tribune

I only met him a few times, but each time I was impressed by a humble young man who was fully aware of where he wanted to go, and how he was going to get there.

Sebastian Enjolras, 21, was climbing the ladder of automobile racing with apparently easy success. His goal was Formula One. But unlike more and more drivers who are jumping practically from go-karts into Formula One cars, he did not want to skip any stages in his development as a driver.

His climb was cut short Saturday when he was killed at pre-qualifying for the 24 Hours of Le Mans race.

He started karting as a boy. At 17, after three years in the French team, he drove the fastest lap of the weekend in an indoor karting championship at Bercy in Paris, faster than all the Formula One drivers, including Ayrton Senna and Alain Prost.

In 1994 he gained his first victory in a single-seat open-wheel championship, Formule Campus, and last year, at the next level, he won the French Formule Renault championship with 11 victories and 12 pole positions in 16 races.

"I want to learn as much as possible to arrive in Formula One at a high level of experience," he said. "There are some who have gone up too quickly and have stagnated at a high level. They've stalled."

This year he had a good start to his first season in the French Formula Three championship, generally considered two stages down from Formula One.

On Saturday, the body work of his car, part of the Rachel Welter team, came loose and the car became airborne and flew over the safety barrier of the track.

On the same Saturday three years ago Roland Ratzenberger died during qualifying for the Formula One Grand Prix at Imola. Ratzenberger's best time would have been good enough for last place on the grid. The next day Ayrton Senna, who had qualified first, died during the race.

First place, last place, a place not yet made, motor sport remains deadly. While a high-profile murder trial is going on in Italy against Senna's team, who are being charged for his death, another driver has died in a similar manner, practicing the same sport. He will never make it into the history books as anything more than a small statistic.

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Baltimore	18	8	.692	—
Boston	14	13	.519	4½
New York	15	14	.517	4½
Toronto	12	14	.461	6
Detroit	11	17	.393	8
Central Division				
Milwaukee	13	12	.520	—
Cleveland	14	13	.519	—
Kansas City	13	13	.500	½
Minnesota	12	17	.414	3
Chicago	9	18	.333	5
West Division				
Seattle	17	12	.586	—
Texas	15	11	.577	½
Anaheim	13	13	.500	2½
Oakland	14	15	.483	3

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
Atlanta	20	8	.714	—
Florida	16	12	.571	4
Montreal	14	13	.519	5½
New York	14	15	.483	6½
Philadelphia	9	18	.333	10½
Central Division				
Houston	16	13	.552	—
Pittsburgh	15	13	.536	½
St. Louis	12	16	.429	3½
Cincinnati	9	19	.321	6½
Chicago	7	21	.250	8½
West Division				
Colorado	19	8	.704	—
San Francisco	17	10	.630	2
Los Angeles	15	12	.556	4
San Diego	11	16	.407	8

FRIDAY'S LINE SCORES

AMERICAN LEAGUE

Oakland 100 000 000—1 5 0
Baltimore 011 012 20x—7 13 0
Karsay, Acre (7) and Molina; Key, A. Benitez (9) and Holles. W—Key, 5-0. L—Karsay, 0-3. HRs—Baltimore, R. Alomar (4), E. Davis (6).

Minnesota 002 000 000 1—3 7 2
Toronto 100 001 000 0—2 6 0
Radke, Aguilera (10) and Steinbach; Person, Crabtree (9) and O'Brien. W—Radke, 2-1. L—Crabtree, 1-2. Sv—Aguilera (5).

New York 000 200 025—9 7 1
Kansas City 000 010 000—1 7 2
Cone, Nelson (8), Stanton (8), M. Rivera (9) and Girardi; Pittsley, J. Walker (8), R. Veras (9), M. Williams (9) and Spehr, Sweeney (7). W—Cone, 3-2. L—Pittsley, 0-2. Sv—M. Rivera (9). HRs—New York, B. Williams (3), T. Martinez (10).

Boston 100 110 101—5 12 1
Texas 001 002 100—4 8 1
Sele, Corsi (6), B. Henry (7), Slocumb (9) and Hatteberg, Haselman (8); Burkett, Gunderson (7), Patterson (7), Wetteland (9) and I. Rodriguez. W—B. Henry 2-1. L—Patterson, 2-3. HRs—Boston, M.Vaughn (7). Texas, Buford (2).

Milwaukee 000 000 100—1 3 0
Seattle 000 323 00x—8 10 1
D'Amico, Maloney (6) and Matheny; R.Johnson, Ayala (9) and D.Wilson. W—R. Johnson, 4-0. L—D'Amico, 0-2. HRs—Milwaukee, Mieske (1). Seattle, Griffey (14), A. Rodriguez (5), D. Wilson (1).

NATIONAL LEAGUE

Pittsburgh 000 200 001—3 6 0
Atlanta 000 011 000—2 7 0
Schmidt, Peters (8), Loiselle (9) and Kendall; G.Maddux, Bielecki (8), Embree (9) and E. Perez. W—Peters, 1-0. L—Bielecki, 1-1. Sv—Loiselle (1). HRs—Pittsburgh, A. Martin (1). Atlanta, Lemke (2).

St. Louis 004 000 000—4 6 0
New York 120 100 12x—7 11 1
Osborne, Frascatore (3), Mathews (6), Honeycutt (8) and Difelice; Reynoso, McMichael (7), J. Franco (9) and Hundley. W—McMichael, 2-2. L—Mathews, 0-1. Sv—Franco (7). HR—New York, Huskey (3).

Florida 010 000 000—1 8 1
Houston 101 000 00x—2 8 1
Rapp, Powell (7) and C. Johnson; Reynolds, B. Wagner (9) and Ausmus. W—Reynolds, 4-2. L—Rapp, 2-2. Sv—B.Wagner (6). HRs—Florida, Conine (5). Houston, Bagwell (8).

Philadelphia 500 002 000—7 9 1
Colorado 200 011 000—4 5 0
B.Munoz, RHarris (7), Spradlin (8), Bottalico (9) and Lieberthal; M.Thompson, McCurry (7), DeJean (9) and Manwaring, Reed (7). W—B. Munoz, 1-4. L—M. Thompson, 3-2. Sv—Bottalico (6). HRs—Philadelphia, Brogna (2). Colorado, Manwaring (1).

Cincinnati 010 004 001—6 13 1
San Francisco 001 000 100—2 3 1
Schourek, Shaw (8), Brantley (9) and Taubensee, Oliver (9); O.Fernandez, Poole (6), Roa (8) and R. Wilkins. W—Schourek, 2-2. L—O. Fernandez, 3-2. HRs—Cincinnati, L. Harris (1). San Francisco, Bonds (4), Taubensee (4).

Montreal 100 100 210—5 9 0
San Diego 200 100 100—4 11 0
Juden, Telford (7), D. Veres (7), Urbina (8) and Widger; Valenzuela, Bochtler (8) and Flaherty. W—D. Veres, 1-0. L—Bochtler, 0-1. Sv—Urbina (3). HRs—Montreal, Grudzielanek (1), R. White (5). San Diego, T. Gwynn (6), C. Jones (1).

Chicago 100 006 000 0—7 12 1
Los Angeles 301 000 201 1—8 11 0
Telemaco, Bottenfield (6), T. Adams (7), Rojas (9), Patterson (10) and Houston, Servais (9); R.Martinez, Dreifort (6), Radinsky (7), Guthrie (8), Hall (9), Candiotti (10) and Piazza, Prince (10). W—Candiotti, 3-1. L—Patterson, 1-2. HR—Los Angeles, Piazza (5).

SATURDAY'S LINE SCORES

AMERICAN LEAGUE

Minnesota 100 010 102—5 10 0
Toronto 010 000 401—6 10 0
Robertson, Trombley (7), Guardado (7), Naulty (7), Ritchie (8), Swindell (9), Olson (9) and G. Myers; Guzman, Spoljaric (5), Timlin (7), Quantrill (9) and Santiago. W—Quantrill, 4-2. L—Ritchie, 2-3.

Detroit 005 000 001—6 5 1
Cleveland 102 000 022—7 10 1
Moehler, J. Cummings (6), Miceli (7), M. Myers (8), Brocail (9) and B. Johnson, Casanova (9); Ogea, Plunk (8) and S.Alomar. W—Plunk, 1-2. L—Brocail, 0-3. HRs—Detroit, To.Clark (9). Cleveland, T.Fernandez (2).

Oakland 000 010 102—4 7 0
Baltimore 000 003 000—3 9 0
Mohler, A. Small (7), Groom (9), Taylor (9) and Mayne, Molina (9); Mussina, Te.Mathews (7), Orosco (7), A. Benitez (8), Rhodes (8), Ra.Myers (9) and Holles, Webster (9). W—A. Small, 4-0. L—Ra.Myers, 0-1. Sv—Taylor (6). HRs—Oakland, Giambi (4), Spiezio (4). Baltimore, C. Ripken (6), Incaviglia (3).

Game 1
Anaheim 001 000 011—3 8 0
Chicago 000 000 002—2 11 0
Watson, P. Harris (8), Holtz (8), James (9), DeLucia (9) and Leyritz; Baldwin, T. Castillo (8), Simas (9), Bertotti (9) and Karkovice. W—Watson, 1-2. L—Baldwin, 0-4. Sv—DeLucia (1).

Game 2
Anaheim 001 000 001—2 3 0
Chicago 101 200 00x—4 9 1
D.Springer, D. May (4) and Fabregas; Drabek, T. Castillo (8), R.Hernandez (9) and Pena. W—Drabek, 2-3. L—D. Springer, 0-1. Sv—R. Hernandez (4). HRs—Anaheim, Howell (2). Chicago, Durham (2).

New York 000 001 000—1 8 1
Kansas City 001 001 00x—2 6 0
Pettitte and Girardi; Belcher and M. Sweeney. W—Belcher, 3-3. L—Pettitte, 5-1.

Boston 201 030 000—6 12 1
Texas 000 410 002—7 14 2
Avery, Trlicek (4), Corsi (6), Garces (7), Slocumb (8) and Haselman; O.Oliver, Santana (5), X. Hernandez (8), Vosberg (9) and I.Rodriguez. W—Vosberg, 1-1. L—Slocumb, 0-1. HR—Boston, Pemberton (1).

Milwaukee 081 201 005—17 17 0
Seattle 200 011 000—4 14 1
J.Mercedes, Florie (5), Villone (8), Wickman (9) and Matheny, Levis (9); Fassero, Lowe (2), B. Wells (5), Wolcott (8), Charlton (9) and D. Wilson, Marzano (5). W—Florie, 1-0. L—Fassero, 4-1. HRs—Milwaukee, Unroe (1), Newfield (1), Mieske (2), Jaha (7).

NATIONAL LEAGUE

St. Louis 000 010 000—1 8 0
New York 000 111 20x—5 9 0
An.Benes, Raggio (7) and Lampkin, Difelice (7); R.Reed, Kashiwada (8) and Hundley. W—R. Reed, 3-1. L—An.Benes, 1-1. HRs—New York, Olerud (4), Hundley (7).

Philadelphia 010 000 110—3 6 1
Colorado 002 220 01x—7 7 2
Portugal, Ruffcorn (4), Mimbs (5), Plantenberg (7), R. Harris (8) and Parent, Lieberthal (8); Wright, Dipoto (8), M. Munoz (8), S. Reed (9) and Je.Reed. W—Wright, 4-1. L—Portugal, 0-2.

Cincinnati 000 000 012—3 6 2
San Francisco 000 000 001—1 9 3
Smiley, Shaw (8), Brantley (9) and J. Oliver; VanLandingham, R.Rodriguez (8), Tavarez (8), Poole (9) and Jensen. W—Smiley, 2-5. L—R. Rodriguez, 2-2. Sv—Brantley (1). HR—San Francisco, M. Lewis (3).

Pittsburgh 000 010 002—3 7 1
Atlanta 000 000 000—0 4 1
Loaiza, Rincon (9) and Kendall; Glavine, Clontz (9), Byrd (9), Embree (9) and J. Lopez (9), E. Perez (9). W—Loaiza, 3-0. L—Glavine, 4-1. Sv—Rincon (2).

Montreal 000 000 000—0 3 1
San Diego 100 000 00x—1 5 0
Hermanson, Daal (6), M. Valdes (6), Telford (8); Tl.Worrell, Hoffman (8) and Flaherty. W—Tl.Worrell, 2-3. L—Hermanson, 1-2. Sv—Hoffman (4). HR—San Diego, Gwynn (7).

Florida 030 300 002 000 1—9 11 1
Houston 330 101 000 000 0—8 17 2
(13 innings): Saunders, Stanifer (4), Hutton (6), Nen (8), Cook (10), F.Heredia (12), Powell (13) and C. Johnson; Hampton, Lima (4), R.Springer (8), Hudek (9), B. Wagner (9), Martin (11), R. Garcia (13) and Ausmus. W—F. Heredia, 2-0. L—R. Garcia, 2-1. Sv—Powell (1). HRs—Florida, Abbott (2), Zaun (2).

Chicago 100 100 000—2 5 0
Los Angeles 000 000 001—1 8 3
Mulholland, Rojas (9), T. Adams (9) and Servais; I.Valdes, Hall (8), Dreifort (9) and Piazza. W—Mulholland, 2-3. L—I. Valdes, 1-4. Sv—T. Adams (2).

Japanese Leagues

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Yakult	16	10	—	.615	—
Hiroshima	13	11	—	.542	2.0
Hanshin	13	12	—	.520	2.5
Yomiuri	12	13	—	.480	3.5
Chunichi	11	14	—	.440	4.5
Yokohama	10	15	—	.400	5.5

SATURDAY'S RESULTS
Hanshin 7, Hiroshima 3
Chunichi 8, Yakult 3
Yomiuri 5, Yokohama 2

SUNDAY'S RESULTS
Yakult 7, Chunichi 6
Hanshin 3, Hiroshima 1
Yokohama 6, Yomiuri 5

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Seibu	13	11	—	.542	—
Daiei	12	11	—	.522	0.5
Lotte	11	11	1	.500	1.0
Orix	11	11	—	.500	1.0
Kintetsu	10	11	1	.476	1.5
Nippon Ham	11	13	—	.458	2.0

SATURDAY'S RESULTS
Seibu 7, Lotte 3
Daiei 8, Kintetsu 1
Nippon Ham 6, Orix 3

SUNDAY'S RESULTS
Seibu 6, Lotte 3
Orix 5, Nippon Ham 3
Kintetsu 4, Daiei 1

BASKETBALL

NBA Playoffs

FIRST ROUND (BEST-OF-FIVE)
FRIDAY'S RESULTS

Atlanta 22 24 27 21—94
Detroit 23 15 19 25—82
A: Smith 7-12 9-10 28, Mutombo 5-6 6-6 16; D: Hill 11-22 6-8 28, Dumars 3-13 6-6 14. Rebounds—Atlanta 57 (Laettner, Mutombo 12), Detroit 42 (Mills 10). Assists—Atlanta 19 (Blaylock 9), Det. 13 (Hill, Dumars, McKie 3).
(series tied 2-2)

LA Lakers 21 23 24 27—95
Portland 19 30 25 17—91
L.A. Lakers: Campbell 8-16 11-12 27, S.O'Neal 9-19 9-11 27; P: Sabonis 10-16 2-2 23, Wallace 10-14 0-0 21. Rebounds—Los Angeles 46 (Horry, S.O'Neal, Van Exel, Kersey 8), Portland 43 (Sabonis 10). Assists—Los Angeles 16 (Jones, Van Exel 5), Portland 20 (Anderson 5).
(L.A. Lakers win series 3-1)

SATURDAY'S RESULTS

Phoenix 23 18 32 19—92
Seattle 33 30 18 35—116
P: Person 10-19 1-2 26, Johnson 8-27 3-3 20; S: Schrempf 9-14 2-2 24, Kemp 6-12 9-11 21. Rebounds—Phoenix 44 (Person, Kidd 8), Seattle 56 (Kemp 11). Assists—Phoenix 19 (Kidd 7), Seattle 29 (Payton 10).
(Seattle wins series 3-2)

ICE HOCKEY

NHL Playoffs

CONFERENCE SEMIFINALS (BEST-OF-SEVEN)
FRIDAY'S RESULTS

N.Y. Rangers 0 0 0—0
New Jersey 0 1 1—2
First Period: None. Second Period: N.J.-Niedermayer 2 (Chambers, Elias) (pp). Third Period: N.J.-MacLean 4 (Stevens) (en). Shots on goal: New York 6-8-7—21. N.J.- 19-9-6—34. Goalies: New York, Richter. N.J.-Brodeur.
(New Jersey leads series 1-)

Anaheim 0 1 0 0—1
Detroit 0 0 1 1—2
First Period: None. Second Period: A-Kariya 6 (Van Impe, Mironov) (pp). Third Period: D-Fedorov 1 (Sandstrom, Lidstrom) Overtime: 3, D-Lapointe 1 (Shanahan, Murphy). Shots on goal: A- 6-9-5-0—20. D- 13-6-10-1—30. Goalies: A-Hebert. D-Vernon.
(Detroit leads series 1-)

Edmonton 0 1 0—1
Colorado 2 2 1—5
First Period: C-Lacroix 1 (Corbet, Sakic) 2, C-Lemieux 6 (Forsberg, Kamensky) Second Period: E-Buchberger 2, 4, C-, Forsberg 3 (Lacroix) 5, C-Ozolinsh 3 (Sakic) Third Period: C-Forsberg 4 (Ozolinsh, Sakic) (pp). Shots on goal: E-13-9-14—36. C-14-14-9—37. Goalies: E-Joseph. C-Roy.
(Colorado leads series 1-0)

SATURDAY'S RESULTS

Philadelphia 0 2 3—5
Buffalo 0 3 0—3
First Period: None. Second Period: B-Grosek 1 (Plante, Boughner) 2, B-May 1 (Ray, Wilson) 3, P-Kordic 1 (Zubrus, Lacroix) 4, B-Audette 3 (Burridge, Smehlik) (pp). 5, P-Renberg 2 (Coffey) (pp). Third Period: P-Brind'Amour 4 (Hawerchuk, Falloon) 7, P-Podein 2 (Klatt, Otto) 8, P-Brind'Amour 5 (en). Shots on goal: P- 12-20-15—47. B- 6-12-14—32. Goalies: P-Snow. B-Shields.
(Philadelphia leads series 1-)

World Championships

IN HELSINKI, FINLAND, POOL A
Finland 5, Slovakia 2
Czech Republic 9, France 3
Germany 1, Slovakia 0
Finland 7, Russia 4
STANDINGS: x-Czech Republic 8 points; x-Finland 8; x-Russia 7; Slovakia 3; France 2; Germany 2.

IN TURKU, FINLAND, POOL B
Sweden 1, Latvia 1,
Canada 6, Italy 0
Sweden 3, United States 1
Latvia 6, Norway 3
STANDINGS: x-Sweden 9 points; x-Canada 7; x-U.S. 6; Latvia 4; Italy 3; Norway 1.
x-advanced to medal round

CRICKET

INDIA TOUR
4TH AND FINAL 1-DAY INTERNATIONAL
WEST INDIES VS. INDIA
SATURDAY, IN BRIDGETOWN, BARBADOS
West Indies: 200-0 (44.4 overs)
India: 199-7 (50 overs)
West Indies won by 10 wickets and win series 3-1.

GOLF

Chunichi Crowns

Final scores Sunday in the 120 million yen ($ 945,000) Chunichi Crowns golf tournament on the 6,455-yard (5,874-meter), par-70 Nagoya Golf Club Wago course at Aichi, Japan:

"Jumbo" Ozaki, Jap.	67-67-66-67—267
Brian Watts, U.S.	67-65-69-68—269
G. Norman, Australia	66-68-67-70—271
T. "Jet" Ozaki, Jap.	67-68-71-66—272
S. Ginn, Australia	71-67-71-64—273
N. Serizawa, Jap.	69-68-68-68—273
Rick Gibson, Canada	68-70-67-68—273
K. Takami, Jap.	67-67-69-70—273
Kaname Yokoo, Jap.	67-68-72-67—274
Ikuo Shirahama, Jap.	66-72-68-68—274
Taichi Teshima, Jap.	62-70-70-72—274

Italian Open

Top finishing scores and winner's prize money after Sunday's final round of the $760,000 Italian Open, played on the par-72, 7,111-yard (6,400-meter) Gardagolf Country Club course, at Brescia, Italy:

B. Langer, Germany	71-69-69-64—273
J. M. Olazabal, Spain	68-71-67-68—274
D. Clarke, N. Ireland	70-69-71-67—277
S. Webster, England	68-75-65-70—278
P. Walton, Ireland	71-70-70-67—278
Brian Davis, England	68-70-75-66—279
Daren Lee, England	71-69-70-69—279
D.Robertson, Scotland	71-69-68-71—279
C. Rocca, Italy	71-73-69-66—279
R. Russel, Scotland	72-70-66-71—279
L. Westwood, England	69-74-69-67—279

RUGBY UNION

Super 12

Otago 28, Auckland 45
Waikato 47, Gauteng 9
Queensland 40, Natal 3
Northern Transvaal 23, Canterbury 22
STANDINGS: x-Auckland 40; Wellington 31; ACT 31; Natal 27; Gauteng 22; Northern Transvaal 20; Free State 19; Waikato 18; Canterbury 17; New South Wales 16; Queensland 15; Otago 13.
x-clinched semifinal berth.

English First Division

FINAL STANDINGS: 1. Wasps 37 points; 2. Bath 31; 3. Harlequins 30; 4. Leicester 29; 5. Sale 28; 6. Saracens 25; 7. Gloucester 23; 8. Northampton 20; 9. Bristol 17; 10. London Irish 12; 11. West Hartlepool 6; 12. Orrell 6.

SOCCER

DUTCH FIRST DIVISION
NAC Breda 0, Feyenoord 2
Sparta Rotterdam 2, Ajax Amsterdam 1
Vitesse Arnhem 2, Willem II Tilburg 0
Volendam 2, AZ Alkmaar 2
Graafschap Doetinchem 2, Heerenveen 1
Twente Enschede 2, Fortuna Sittard 1
RKC Waalwijk 1, Utrecht 0
STANDINGS: Feyenoord 66 points; PSV 65; FC Twente 58; Ajax 51; Vitesse 51; Heerenveen 50; Roda JC 49; De Graafschap 39; NAC 39; Sparta 32; FC Groningen 32; FC Utrecht 32; Fortuna Sitt. 32; Willem II 31; Volendam 31; NEC 25; RKC 25; AZ 22.

FRENCH FIRST DIVISION
Paris St Germain 2, Bordeaux 2
Guingamp 0, Nantes 0
Metz 1, Bastia 0
Auxerre 4, Rennes 1
Lyon 0, Lille 0
Montpellier 1, Nancy 1
Lens 2, Marseille 0
Le Havre 1, Nice 0
STANDINGS: Monaco 72 points; Paris St Germain 64; Nantes 61; Bordeaux 59; Metz 59; Auxerre 58; Strasbourg 56; Lyon 56; Bastia 55; Montpellier 48; Marseille 46; Guingamp 45; Lens 44; Le Havre 42; Cannes 40; Rennes 39; Nancy 34; Lille 34; Caen 32; Nice 20.

ITALIAN FIRST DIVISION
Internazionale 0, Vicenza 1
Atalanta 1, AC Parma 2
Juventus 0, Sampdoria 0
Perugia 1, Fiorentina 1
Piacenza 1, Bologna 1
Reggiana 0, Cagliari 3
AS Roma 1, Lazio 1
Udinese 1, AC Milan 1
Verona 2, Napoli 0
STANDINGS: Juventus 56 points; Parma 52; Inter 48; Sampdoria 45; Lazio 44; Bologna 44; Vicenza 42; Udinese 42; Fiorentina 40; Atalanta 39; Milan 38; Roma 37; Napoli 34; Piacenza 30; Cagliari 30; Perugia 28; Verona 26; Reggiana 19.

SPANISH FIRST DIVISION
Real Madrid 3, Sporting Gijon 1
Espanyol 3, Real Sociedad 0
Deportivo Coruna 3 Sevilla 0
Athletic de Bilbao 0, Valladolid 0
Celta 1, Valencia 1
Hercules 1, Logrones 0
Betis 0, Compostela 0
Rayo Vallecano 1, Tenerife 2
Oviedo 1, Zaragoza 0
Racing de Santander 1, Atletico Madrid 1

GERMAN BUNDESLIGA
1860 Munich 3, Bayern Munich 3
Hansa Rostock 0, VfL Bochum 0
Fortuna Duesseldorf 1, Arminia Bielefeld 2
VfB Stuttgart 3, FC St. Pauli 0
Hamburger SV 3, Werder Bremen 2
FC Cologne 4, Karlsruher SC 1
Borussia Dortmund 1, Schalke 04 0
SC Freiburg 2, MSV Duisburg 0
Bor. Moenchengladbach 2, B. Leverkusen 2
STANDINGS: Bayern Munich 63 points; B. Leverkusen 60; VfB Stuttgart 58; Borussia Dortmund 56; VfL Bochum 47; 1860 Munich 43; Karlsruher SC 41; Arminia Bielefeld 40; Schalke 04 40; Werder Bremen 39; FC Cologne 38; Hamburger SV 37; Moenchengladbach 36; MSV Duisburg 36; Hansa Rostock 34; Fortuna Duesseldorf 29; FC St. Pauli 27; SC Freiburg 21.

ENGLISH PREMIER LEAGUE
Arsenal 0, Newcastle 1
Chelsea 0, Leeds 0
Coventry 1, Derby 2
Leicester 2, Manchester United 2
Liverpool 2, Tottenham 1
Middlesbrough 3, Aston Villa 2
Nottingham Forest 1, Wimbledon 1
Southampton 2, Blackburn 0
Sunderland 3, Everton 0
West Ham 5, Sheffield Wednesday 1
STANDINGS: Manchester United 70 points; Liverpool 67; Arsenal 65; Newcastle 63; Aston Villa 58; Chelsea 56; Sheffield Wednesday 56; Wimbledon 50; Tottenham 46; Derby 46; Leeds 45; Everton 42; Blackburn 41; Southampton 41; West Ham 41; Leicester 41; Sunderland 40; Coventry 38; Middlesbrough 36; Nottingham Forest 34.

MAJOR LEAGUE SOCCER
Washington D.C. 2, Los Angeles 0;
New England 2, Kansas City 1
Colorado 2, Tampa Bay 0
Columbus 3, San Jose 1
STANDINGS: Eastern Conference D.C. 13 points; Tampa Bay 10; New England 10; Columbus 8; NY-NJ 6; Western Conference: Colorado 9; Kansas City 7; Dallas 7; San Jose 5; Los Angeles 3.

WORLD CUP QUALIFIER
ASIAN ZONE, GROUP 8
Tajikistan 4, Vietnam 0
Turkmenistan 1, China 4

TENNIS

CROATIAN OPEN
IN BOL, CROATIA
SEMIFINALS
Mirjana Lucic, Croatia, def. Amanda Coetzer, South Africa (1), 6-4, 6-3.
Corina Morariu, U.S., def. Emmanuelle Gagliardi, Switzerland, 6-1, 1-6, 6-3.
FINAL
Lucic def. Morariu 7-5, 6-7 (4-7), 7-6 (7-5).

REXONA CUP
IN HAMBURG, GERMANY
SEMIFINALS
Ruxandra Dragomir (7), Rom., def. Anne Gaelle Sidot, Fr., 6-4, 6-0. Iva Majoli (4), Croatia, def. Maria Sanchez-Lorenzo, Sp., 6-3, 6-2.
FINAL
Iva Majoli def. Dragomir 6-3, 6-2.

Czech Open
IN PRAGUE, CZECH REPUBLIC
SEMIFINALS
Cedric Pioline (4), France, def. Emilio Alvarez, Spain, 6-3, 6-7 (7-9), 6-1.
Bohdan Ulihrach (3), Czech Republic, def. Fabrice Santoro, France, 6-4, 6-2.
FINAL
Pioline def. Ulihrach 6-2, 5-7, 7-6 (7-4).

BMW OPEN
IN MUNICH, GERMANY
SEMIFINALS
Alex Corretja (5), Sp., def. M. Rosset (7), Switz., 6-3, 6-1. Mark Philippoussis (8), Australia, def. Slava Dosedel, Czech Republic, 7-5, 7-5.
FINAL
Philippoussis def. Corretja 7-6 (7-3), 1-6, 6-4.

AT&T CHALLENGE
IN DULUTH, GEORGIA
QUARTERFINALS
Magnus Norman, Sweden, def. Petr Korda, Czech Republic (5), 6-4, 6-4; Jason Stoltenberg, Australia, def. Fernando Meligeni, Brazil, 3-1, retired; Marcelo Filippini, Uruguay, def. Gilbert Schaller, Austria, 6-1, 6-2; Chris Woodruff, U.S., (8), def. Sandon Stolle, Australia, 6-1, 4-6, 6-3.
SEMIFINALS
Filippini def. Woodruff 7-5, 3-6, 6-4.
Stoltenberg def. Norman 6-4, 5-7, 6-3.

DAVIS CUP
EURO/AFRICAN ZONE, GROUP 2, 1ST ROUND
IN VILNIUS, LITHUANIA 2, YUGOSLAVIA 3
IN OSLO, NORWAY 5, NIGERIA 0
IN TBILISI, GEORGIA 2, SLOVENIA 3
IN HELSINKI, FINLAND 3, GREECE 2
IN CAIRO, EGYPT 0, PORTUGAL 5
POZNAN, POLAND 5, GHANA 0

TABLE TENNIS

World Championships

SUNDAY, IN MANCHESTER, ENGLAND
MIXED DOUBLES FINAL
Liu Guoliang, Wu Na, China def. Kong Linghui, Deng Yaping, China 21-12 22-20 19-21 21-11
BRONZE MEDAL
Chiang Peng-lung, Chen Jing, Taiwan and Wang Liqin, Wang Nan, China

ADVERTISEMENT

Memorable Moments from Johnnie Walker: RYDER CUP *with Bernard Gallacher*



1975 - BARNES WRESTLES THE BEAR ... NOT ONCE, BUT TWICE.
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Sonics Soar, Sending Suns And Johnson Back Home

NBA PLAYOFFS

Down 2 Goals,

NHL PLAYOFFS

SPORTS

Sonics Soar, Sending Suns And Johnson Back Home

By Tom Friend
New York Times Service

SEATTLE — Either one team or one player was going to be heading home — either the Seattle SuperSonics or Kevin Johnson — and that was Johnson turning in his mesh uniform.

The Phoenix Suns and the fastest point guard on Earth were retired simultaneously on Saturday, after the SuperSonics finally found a bench player

NBA Playoffs

who could make a shot. His name was David Wingate, the Suns refused to guard him, and his 19 points helped the Sonics to a 116-92 playoff victory that was far more tense than the score indicated.

The first half was all Seattle, the third quarter was a mood swing and the fourth was a bon voyage.

Johnson, who has said he decided in junior high school that he would play 10 professional seasons, wrapped up his decade by missing nine straight shots with the game on the line — he was 8 of 27 over all — and that was why Seattle won the fifth and final game of this first-round series.

The Sonics now face Charles Barkley and the Houston Rockets, starting Monday night, while Johnson faces Jerry Colangelo, starting next month. Colangelo, the Suns' owner, will try to convince the 31-year-old Johnson to return for one more season.

In his NBA career, Johnson has scored 12,611 regular-season points in 679 games and 1,942 points in 92 playoff games. He was a three-time All-Star and one of six players to surpass 11,500 points, 6,000 assists, 2,000 rebounds and 1,000 steals.

Asked if his decision to quit now was final, Johnson said: "I've never changed my mind about this. Obviously, if the Lord changes my mind, I'll be obedient to that. I'll need a sign."

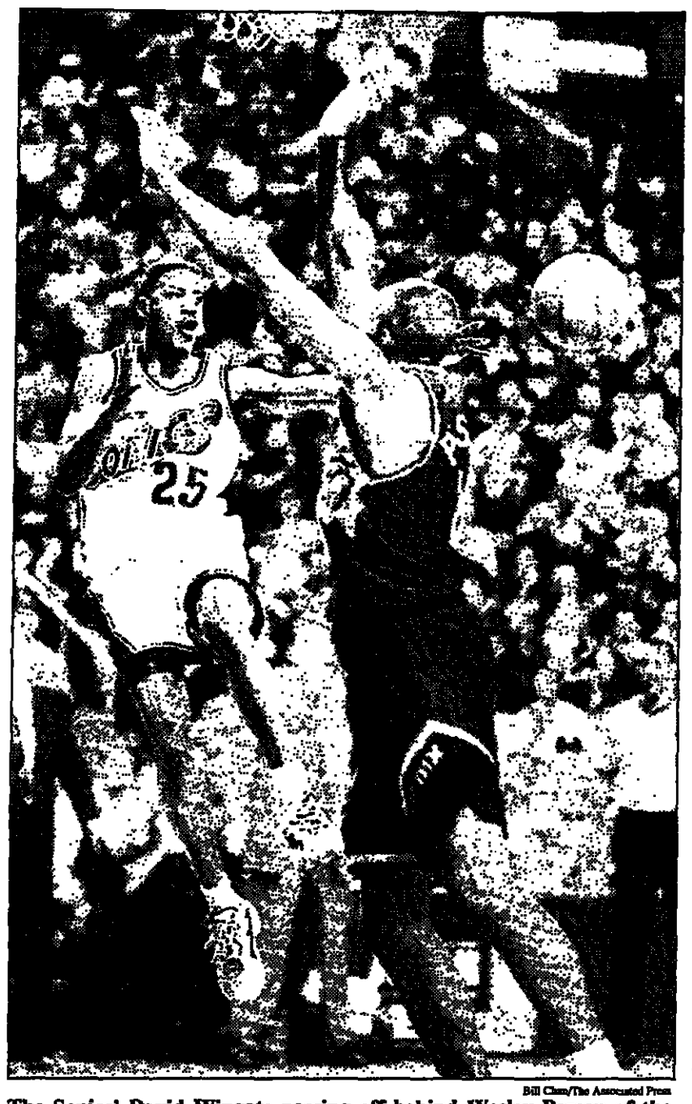
What would a sign be? "A burning bush," he said.

Seattle had a burning bench on Saturday. Not only did Wingate (stepping in for the injured guard Nate McMillan) have 10 rebounds to complete his double-double, but the sixth man, Sam Perkins, had 15 points.

The Sonics' point guard, Gary Payton, had carried his team until Saturday, when he shot a horrible 7 of 26 from the floor. It was Wingate and Detlef Schrempf (24 points on 9-of-14 shooting) who bailed the team out.

Seattle led 63-41 by halftime, mostly because the referees were swallowing their whistles. Johnson got to the free-throw line just once in the first half, so the Suns' coach, Danny Ainge, told his players to shoot 3-pointers in the second.

They drained six of them in the third quarter and used a 17-2 run to get as close as 5 points. With the score 81-76 early in the fourth, Wingate and Schrempf hit consecutive 3-point bombs, and then the Suns fell asleep on an inbounds play and yielded a Wingate lay-up, making it 89-76.



Bill Cluy/The Associated Press

The Sonics' David Wingate passing off behind Wesley Person of the Suns. Seattle will now meet Houston in the second round of the playoffs.

■ Bird Weighing Pacers' Offer

The former NBA great Larry Bird is considering an offer to be the next coach of the Indiana Pacers, The Associated Press reported from Indianapolis, citing published reports.

Newspapers in Indianapolis and Boston said Saturday that Bird also was considering an offer from the Boston Celtics to become coach or to take another position with the franchise for which he starred for 13 years.

Bird, now a consultant for the Celtics, was quoted Saturday as saying that if he left Boston, it would to be to join the Pacers.

Braves Bounce Back to Beat Bucs

The Associated Press

Chipper Jones singled in one run, two more scored when a rookie right fielder, Emil Brown, dropped a fly ball and the Atlanta Braves beat the Pittsburgh Pirates, 3-1, Sunday.

Atlanta, the National league leader, had lost the first two games of the series.

The Braves scored three runs with two outs in the third inning. Michael Tucker doubled, took third on Francisco Cordova's wild pitch and scored when Jones singled to right.

After Fred McGriff walked, Ryan Klesko lofted a fly ball to Brown, who appeared to have trouble with the swirling wind and was unable to keep it in his glove. He was charged with an error.

Terrell Wade (1-1) allowed six hits, struck out six and walked two. He was chased in the sixth when Al Martin led off with a single and scored on Kevin Young's double.

Mark Wohlers got four outs for his eighth save, getting out of a two-on, two-out jam in the eighth.

Cordova (1-3) gave up five hits in six innings, struck out two and walked two. The loss stopped a three-game winning streak for the Pirates, their longest this season.

Blue Jays 1, Twins 0 Pat Hentgen struck out 10 and pitched a four-hitter Sunday, giving the Blue Jays a victory over Bob Tewksbury and Minnesota in Toronto.

Tewksbury pitched a four-hitter but lost. Carlos Delgado's run scoring single in the fourth inning sent the Twins to their 10th loss in 11 games.

Hentgen, last year's AL Cy Young Award winner, walked only one and retired 17 straight batters. It was his seventh career shutout and first complete game of the season.

Hentgen (2-1) gave up singles to Chuck Knoblauch and Matt Lawton in the first, but did not allow another runner until Lawton walked with one out in the seventh.

The Toronto right-hander has pitched at least seven innings in 22 of his last 23 starts. Knoblauch, in the first inning, was the only Minnesota runner to get past second base.

Tewksbury (1-5) did not allow a hit until Orlando Merced led off the fourth with a double. Two outs later, Delgado blooped a single to right that scored Merced. Tewksbury struck out two and walked two in his second complete game of the season.

Tigers 2, Indians 0 Detroit snapped a 15-game losing streak at Jacobs Field but lost its pitcher Willie Blair to a fractured jaw.

Blair was hit in the head by Julio Franco's line drive and taken off the

Sunday Baseball

field in an ambulance after shutting out his former team for 5⅓ innings.

The Tigers said Blair (3-2) sustained a fractured jaw and would be hospitalized overnight.

The Indians were shut out for the first time in 104 games.

Blair was working on a four-hit shutout when Franco drilled a shot right back the mound with two outs in the sixth inning. The ball hit Blair near his left ear, and he lay motionless for about five minutes. Franco ran past first base and squatted with head in hands, trying not to look.

John Cummings relieved and retired seven straight and Doug Brocail pitched the ninth for his first save.

Cardinals 8, Mets 2 Todd Stottlemyre allowed three hits in eight innings and Tom Lampkin drove in three runs as St. Louis won in New York.

Ray Lankford and Willie McGee homered as the Cardinals salvaged the final game of the three-game series.

Stottlemyre allowed just two hits before Steve Beiser hit a bloop leadoff double in the eighth. John Frascatore finished with a two-hit ninth.

Stottlemyre has won all four of his career starts against the Mets. The right-hander struck out five, walked three and was never in real trouble.

New York ran itself out of a potential big inning in the fourth when Todd Hundley got caught off second base following Carlos Baerga's one-out sacrifice fly.

The loss was the Mets' second in their last eight games and prevented New York from reaching .500 for the first time since April 5, 1996.

The Cardinals didn't waste any time getting to Mark Clark, who lost for the first time in four starts.

Delino DeShields dropped a bunt single on the first pitch of the game and promptly stole second. One out later, Lankford hit a 1-1 pitch over the left-field wall for his fourth homer.

Danny Sheaffer followed consecutive singles with a run-scoring double, and Lampkin capped the four-run first with an RBI groundout.

McGee's second homer of the season, a two-run shot, gave the Cardinals a 6-1 lead in the fourth.

Clark, who bruised a hand trying to catch a ball hit by Royce Clayton barehanded to open the fourth, was tagged for six runs and eight hits in four innings. X-rays on his hand were negative.

St. Louis made it 8-1 in the fifth on Lampkin's two-run single off Ricardo Jordan.

Pete Harnisch was back in uniform for the Mets.

Harnisch, diagnosed with depression, rejoined his teammates for the first time since the disease forced the pitcher to leave the club last month.

After an anxious Saturday night, he decided to give it a go Sunday for the Mets' game against the St. Louis Cardinals.

"Right now, I'm at a little crossroads as far as the medication I'm taking," he said. "I'm getting better. The anxiety is getting better at this point."

Harnisch, whose playing weight is listed at 207 in the team's press guide, has lost more than 20 pounds since leaving the Mets five days after pitching their season opener at San Diego.

He appeared weak and a bit lethargic.

Down 2 Goals, Flyers Overcome Sabres

The Associated Press

Just as the Buffalo Sabres were ready to forget about Dominik Hasek's suspension, Shjon Podein reminded them with a shot between Steve Shields's pads.

Podein scored with 48 seconds left in the third period as the Philadelphia Flyers overcame a two-goal deficit to beat

NHL Playoffs

the Sabres, 5-3, Saturday night in Game 1 of the Eastern Conference semifinals.

Podein scored the game-winner after Trent Klatt poked the puck loose behind the Buffalo net. Podein grabbed control and stuffed it past Shields as the Sabres' goalie moved across the crease.

Klatt "did all the work behind the net," Podein said. "He held off two guys at the same time. I just kind of jammed it home."

Rod Brind'Amour tied the game midway through the third period and completed the scoring on an empty-netter with six seconds left.

Shields, who replaced an injured Hasek in the Ottawa series and helped the Sabres outlast the upstart Senators, is playing while Hasek serves a three-game suspension for attacking a reporter last week. Shields made 42 saves and kept the Sabres in the game before Podein put them away.

"I felt like I was playing well," Shields said. "I saw the puck well. We just got caught by our mistakes."

The second game is scheduled Monday night in Buffalo.

This game had scoring, heavy hitting, fighting goalies, a goal with one second left in the second period and, at the end, two exhausted teams.

The contest was stopped for about 15 minutes with 2:55 left in the second following a scuffle in front of the Philadelphia net.

It ended with everyone on the ice matched up while the Flyers' goalie, Garth Snow, and Shields traded words in the Flyers' zone and punches near the Sabres' bench.

Michal Grosek, Brad May and Donald Audette had Buffalo's goals. Dan Kordic and Mikael Renberg also scored for the Flyers. Snow had 29 saves.

Buffalo had a goal disallowed with 8:06 left in regulation after officials ruled that a Sabres forward, Wayne Primeau, was in the crease when Rob Ray flipped the puck past Snow.

■ Whalers Heading South

The Hartford Whalers seem to be headed for North Carolina and, barring a late deal with the Greensboro Coliseum, will make their temporary home in Fayetteville, The Associated Press reported.

The team's permanent home will be Raleigh's new $120 million arena, to be completed by 1999. The Whalers also had been courted by Columbus, Ohio.

The arena in Fayetteville seats 10,000 for hockey and would be the smallest in the league.

Jim Rutherford, the Whalers' general manager, said the team could target corporations and aim for an average ticket price of $50 to $60.

The average league ticket this season was about $39.

Sweden Holds Championship Edge

The Associated Press

TURKU, Finland — Sweden scored two goals in the last four minutes for a 3-1 victory over the United States, but both teams advanced to the medal round at the World Ice Hockey Championships.

Canada beat Italy, 6-0, Saturday to gain a place in the final round.

In Helsinki, the Czech Republic beat France, 9-3, and Finland rallied to beat Russia, 7-4.

Canada, the Czech Republic, Finland, Russia, Sweden and the United States will start a round-robin tournament Monday. Teams that met in the first round do not play again, so Sweden starts the round robin in first place with four points for its victories over Canada and the United States.

Mussina Wins Cash, Loses Game

Orioles Fall After Giving Right-Hander $21 Million

The Associated Press

Jason Giambi hit a two-run homer off Randy Myers with two outs in the ninth inning to deprive Mike Mussina of a victory to go with his new $21 million contract.

Giambi's home run Saturday gave the Oakland Athletics to a 4-3 victory over the Baltimore Orioles.

Myers was 11-for-11 in save opportunities this season. He got two outs but then Damon Mashore doubled and Giambi hit an 0-1 pitch over the centerfield wall for his fourth homer.

That ruined Mussina's bid for a fourth straight victory. The right-hander pitched 6⅓ innings and left with a 3-1 lead after allowing four hits, two walks and striking out seven.

After the game, Baltimore announced that Mussina had been given a three-year, $21 million contract extension.

"Sometimes money isn't that big a deal," said Mussina.

The contract, which will start in 1998, is the third highest signed by a pitcher. The Blue Jays are paying Roger Clemens $8.25 million a year for three years. John

Baseball Roundup

Smoltz of the Braves has a four-year contract worth $7.75 million a year.

Giambi hit a hanging slider for his fourth homer and the first runs off Myers this season.

Baltimore loaded the bases with two outs, before Billy Taylor retired Pete Incaviglia on a groundout.

"Does every game have to end with the bases loaded, the count 3-and-2 and everyone running?" Art Howe, the Oakland manager asked.

Brewers 17, Mariners 4 John Jaha and Matt Mieske hit consecutive homers during an eight-run second inning, and Tim Unroe hit a grand slam in the ninth as Milwaukee won in Seattle.

The Brewers tied a franchise record with 11 extra-base hits, including seven doubles and four homers.

Rangers 7, Red Sox 6 Dean Palmer hit a two-run single with one out in the ninth inning, giving Texas a victory over visiting Boston.

The Rangers loaded the bases with one out in the ninth on a walk to Rusty Greer, a double by Juan Gonzalez and an intentional walk to Will Clark. Palmer then singled to score Greer and Gonzalez.

Royals 2, Yankees 1 In Kansas City, Tim Belcher pitched an eight-hitter as the Royals handed Andy Pettitte his first loss this season.

Belcher walked two, struck out three and retired 16 hitters on groundball outs. Pettitte (5-1) allowed six hits and one earned run.

Angels 3, White Sox 2; White Sox 4, Angels 2 Ray Durham had five hits in nine at bats for Chicago as it split a double header with visiting Anaheim.

In the first game, Allen Watson pitched seven shutout innings for the Angels. Durham, who hit a two-run single in the ninth inning of the first game, singled, homered and doubled in his first three at-bats in Game 2.

Indians 7, Tigers 6 Sandy Alomar's run scoring single with two outs in the ninth lifted Cleveland to its 13th straight win over Detroit. The Tigers have lost 15 straight games in Cleveland.

Detroit looked like it might end the slide in the ninth when the Tigers took a 6-5 lead on Brian Hunter's run-scoring single. But aided by a wild pitch from Doug Brocail and a passed ball, the Indians tied it on David Justice's sacrifice fly before Alomar singled just over right fielder Melvin Nievers's glove.

Blue Jays 6, Twins 5 In Toronto, Gregg Olson walked Carlos Delgado on four pitches with the bases loaded and two outs in the ninth to give the Blue Jays the winning run.

After the Twins rallied to tie the game with two runs in the ninth the Blue Jays took advantage of four walks off three Minnesota relievers.

In National League games:

Mets 5, Cardinals 1 Rick Reed pitched seven strong innings and Carlos Baerga went 4-for-4 as New York won for the sixth time in seven games by beating visiting St. Louis.

Reed gave up one run and six hits before leaving for a pinch-hitter in the seventh. The right-hander struck out six, walked none, but even so his earned run average rose from 1.03 to 1.07.

Marlins 9, Astros 8 Florida ended its 10-game road losing streak on Moises Alou's two-out infield single in the 13th inning.

With two outs, Kurt Abbott and Gary Sheffield hit consecutive singles to put runners on first and third. Alou then hit a sharp grounder to the left of third baseman Sean Berry, who knocked the ball down but had no play at first as Abbott scored the go-ahead run.

The Astros threatened in the bottom of the 13th but Berry hit into a game-ending double play.

Rockies 7, Phillies 3 In Denver, Jamey Wright pitched seven effective innings for his fourth win and Colorado took advantage of nine walks.

Wright (4-1) allowed four hits in seven innings, struck out four and walked four. The right-hander has won all four starts in which he has gone seven innings.

The Rockies didn't hit a home run for only the third time this season, and managed only seven hits off five pitchers.

Reds 3, Giants 1 Cincinnati scored three unearned runs, the first on Lenny Harris' suicide squeeze in the eighth on the way to victory in San Francisco.

John Smiley struck out eight in seven innings to snap a personal five-game losing streak. He gave up seven hits and didn't walk a batter as the Reds won their second straight after losing nine of 10.

San Francisco has lost five of six and is 4-7 since a 13-3 start.

Cubs 2, Dodgers 1 In Los Angeles, Terry Mulholland pitched 8⅔ strong innings and Chicago turned three errors into a pair of unearned runs to beat the Dodgers.

Mulholland was replaced by Mel Rojas after giving up his sixth hit, a two-out single to Eric Karros in the ninth. Rojas then gave up consecutive singles to Raul Mondesi and Todd Zeile that cut the Cubs' lead to 2-1. Terry Adams relieved Rojas and retired Wayne Kirby on a groundout to earn the save.

Padres 1, Expos 0 In San Diego, Tim Worrell allowed three hits in 7⅔ innings and Tony Gwynn knocked in the game's only run with a first-inning home run.

Worrell, 0-3 with a 6.16 ERA in his last four outings, retired 11 straight batters before running into trouble in the eighth inning.

Pirates 3, Braves 0 Esteban Loaiza outdueled Tom Glavine in a battle of unbeaten pitchers in Atlanta and Pittsburgh won a season-high third straight game.

Loaiza shut out the Braves on four hits over eight innings.

It was the first shutout this season for the Braves, the National League's top hitting team.



Don Emmert/Agence France-Presse

Takashi Kashiwada pitching for the Mets against the Cardinals.

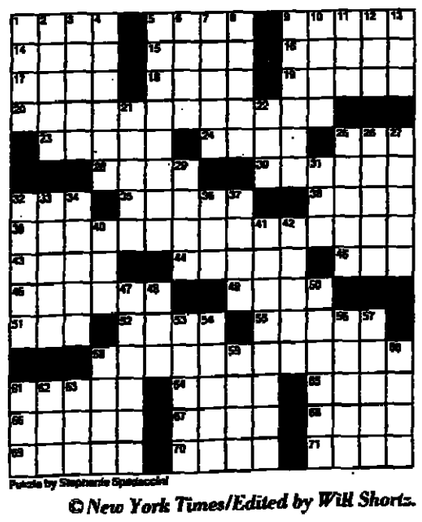
CROSSWORD

ACROSS

1 The ex-Mrs. Bono
5 Money owed
9 Pharmacy items
14 Composer Schifrin
15 Anatomical passage
16 Like "The Twilight Zone" episodes
17 Actress Lena
18 This — — of tears (life)
19 Do watercolors
20 Secondhand store
23 Showed respect for the national anthem
24 Sister of Osiris
25 Mr. O
26 Cinematógrapher Nykvist
30 Arthurian sorcerer
32 Harvest goddess
35 Pass, as laws
36 Verdi heroine
39 John Glenn's Mercury spacecraft
43 Type assortment
44 Card catalogue entry after "Author"
45 Before, in verse
46 Overage
48 Boat propellers
51 Loaf with seeds
52 — — to the throne (prince, e.g.)
55 Laid, as a bathroom floor
59 Member of the police
61 Without — — in the world
64 Prefix with China
66 Nat King or Natalie
66 — — says (tots' game)
67 — —do-well
68 Popular fashion magazine
69 Israeli port
70 Microbe
71 Do one of the three R's

DOWN

1 Drain problem
2 Angels' headgear
3 Ness of "The Untouchables"
4 Musical movements
5 Stockholder's income
6 Catchall abbr.
7 Attorney Melvin
8 Lock of hair
9 Remove from office
10 Harvest
11 Spoon-bender Geller
12 Rummy game
13 Matched items
21 Made on a loom
22 That guy
25 Kicking's partner
26 Contract add-on
27 Nonsensical
28 Political cartoonist Thomas
31 "Norma — —"
32 Bidder's amount
33 Stockholder's vote
34 Subsequently
36 Letter before psi
37 Maverick Yugoslav leader
40 High season, on the Riviera
41 Railroad station area
42 Printing flourish
47 Singer Easton
48 Ocean
50 Deli machine
53 Cake decoration
54 "Walk Away — —" (1956 hit)
56 French school
57 Singer Reese
58 Univ. teacher
59 German border river
60 Marsh stalk
61 Cigarette waste
62 K.G.B.'s cold war foe
63 " — the only one?"



Puzzle by Stephanie Spadaccini

Solution to Puzzle of May 2

T	O	M	H	A	N	K	S			P	E	E	R	S
A	L	O	E	V	E	R	A		V	E	R	N	A	L
G	I	L	L	I	G	A	N		E	N	G	A	G	E
E	V	E		D	E	M		I	G	N	O	B	L	E
N	E	C	K		V	E	R	S	A			L	A	P
D	O	U	A	Y		R	O	E	N	T	G	E	N	
S	Y	L	V	A	N		B	R	I	A	R			
	L	E	N	N	O	X		E	S	C	A	P	E	
		E	N	T	E	R		M	E	D	A	L	S	
	M	A	R	I	A	N	A	S		T	E	R	S	E
G	I	S		R	I	P	U	P		A	M	I	E	
E	S	T	O	N	I	A		R	A	D		E	N	S
C	H	A	V	E	Z		S	T	R	E	S	S	O	R
K	A	R	A	T	E		T	A	K	E	C	A	R	E
O	P	E	L	S			E	X	A	M	I	N	E	D

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WORLD ROUNDUP



Michael Probst/The Associated Press
Iva Majoli returning to Ruxandra Dragomir on Sunday.

Majoli Takes Title

TENNIS Iva Majoli captured the first clay-court title of her career and her second championship of the year by overwhelming doubles partner Ruxandra Dragomir 6-3, 6-2 Sunday in the final of the Rexona Cup in Hamburg.

The Croatian cruised through the match in 63 minutes, losing only one of her service games to win $79,000.

• Mark Philippoussis served 19 aces Sunday in his 7-6, 1-6, 6-4 victory over Alex Corretja in the final of the Munich Open.

"All you can do is stand and admire it," Corretja said. "You feel like a mouse out on the court."

• Cedric Pioline won the second ATP Tour tournament of his career Sunday when he beat Bohdan Ulihrach, a Czech, 6-2, 5-7, 7-6 in the Czech Open in Prague. Pioline wasted three match points before taking a third-set tie-break. *(AFP, AP, Reuters)*

Langer Edges Olazabal

GOLF Bernhard Langer shot a course record 64 Sunday to edge past Jose Maria Olazabal and win the Italian Open in Brescia. It was Langer's first European Tour title for nearly two years.

The German began the final round three strokes behind Olazabal. Langer won by one stroke after making four birdies in the last five holes while the Spaniard collected pars.

• Phil Blackmar, who has not won since 1988, and second-year Tour player Kevin Sutherland were deadlocked at 10-under-par 206 heading into the final round of the Houston Open. *(AP, Reuters)*

Sleepytime Wins Easily

HORSE RACING Sleepytime gave trainer Henry Cecil his fifth 1,000 Guineas success with an effortless four lengths victory Sunday in the first fillies' classic of the British season. *(Reuters)*

Ping-Pong Politics

TABLE TENNIS China is considering ordering three of its women's doubles teams to allow a Hong Kong player to win as a public relations gesture at the world championships in Manchester.

China, which has already won three titles, has three pairs in the semifinals of the women's doubles. According to a Chinese source who declined to be identified, they may be asked to allow the China-Hong Kong combination of Qiao Yunping and Chai Po Wa to take the title.

• Qatar and Iran said their teams were delayed by traffic while Algeria argued that two of its players were ill.

Their reasons for not playing matches against Israel were accepted by a tournament jury Sunday, but they far from satisfied the Israeli team, which had demanded punishment.

All three countries claimed they had no objection to competing against Israel. *(AP)*

Substitutes Save 9-Man Bayern Munich

Compiled by Our Staff From Dispatches

Bayern Munich, the Bundesliga leader, salvaged a 3-3 tie with local rivals 1860 Munich thanks to a Carsten Jancker goal two minutes from the finish.

Bayern was reduced to nine men after wing back Christian Ziege and captain

EUROPEAN SOCCER

Lothar Matthaeus were sent off for their second yellow cards in the second half. Yet the league leader twice came from behind.

1860, which has not beaten Bayern since 1977, raced to a 2-0 lead with two goals from Horst Heldt.

Juergen Klinsmann pulled one back for Bayern just before the break and Mehmet Scholl added a spectacular second early in the second half.

Joerg Boehme, a substitute for 1860, put his team 3-2 ahead with his first kick of the ball in the 82d minute but Jancker's late strike meant Bayern preserved its three-point lead over Bayer Leverkusen.

In the 15th minute, Heldt ran almost the length of the field before slotting the ball past Bayern goalie Oliver Kahn.

He added a second just three minutes later after Olaf Bodden was brought down. Kahn parried Heldt's penalty but Heldt followed up to ram the ball home.

Klinsmann scored with a bullet header. Then Scholl, who replaced Dietmar Hamann, brought Bayern level in the 59th minute, dribbling past several 1860 defenders on the edge of the penalty area before firing the ball home.

Werner Lorant, the 1860 coach, brought on Joerg Boehme in the 82d minute. The 23-year-old midfielder cut back inside the Bayern area with his first touch and then rifled a vicious shot past Kahn. Bayern's misery was compounded moments later when Matthaeus was sent off.

Jancker, who replaced Klinsmann in the 70th minute, turned brilliantly inside the area and shot past Rainer Berg in the 1860 goal.

Leverkusen played Borussia Moenchengladbach on Saturday and tied 2-2 after conceding a goal in last seconds when Martin Dahlin collected a desperate downfield pass and scored.

British tabloids reported Sunday that Klinsmann had agreed to return to Tottenham Hotspur of the English Premier League next season.

SPAIN Real Madrid came from behind on Sunday to beat Sporting de Gijon 3-1 in a match in which its fans booed Italian coach Fabio Capello.



Casey Sung/Reuters
Olaf Bodden, left, of 1860 Munich battling for a header Sunday with Thomas Helmer of Bayern Munich.

Davor Suker scored in the 38th and 71st minutes and Roberto Carlos thundered in a third goal to put Real 11 points ahead of FC Barcelona which plays Monday at Extremadura.

Throughout the game Real fans shouted insults at coach Fabio Capello, who five days earlier had announced his decision to leave the club at the end of the season.

Madrid fell behind 1-0 at minute 29 on a score by Sporting's Russian striker Dmitri Tcherisev.

In Seville, Betis lost ground with a 0-0 draw against mid-table Compostela.

On Saturday, Deportivo de La Coruna flattened Seville 3-0. Rivaldo scored twice. He has scored in sixth consecutive games.

FRANCE Monaco won the French league title without kicking a ball when Bordeaux held Paris St Germain to a 2-2 draw at the Parc des Princes.

The Parisians needed a win Saturday to retain its slim hope catching the team from the principality. It started the game nine points behind Monaco with three games to play. PSG needed to win all its remaining games while Monaco lost three times.

The Parisians remained second in the table, if they hold that position they will qualify for the European Cup Champions' League next season.

Third-placed Nantes also drew 0-0 at Guingamp and trails Paris St Germain by three points.

PSG took the lead after the 14th minute when Bruno N'Gotty scored from a free kick.

Jean-Pierre Papin equalized in the 39th minute from a cross by Ibrahim Ba, the game's best player.

Bordeaux took a 2-1 lead with a goal by Kaba Diawara with two minutes left. But Rai equalized immediately.

SCOTLAND Celtic beat Hibernian 3-1 Sunday to deny bitter rival Glasgow Rangers the Premier League title, at least for 24 hours.

Celtic kept alive their very remote hopes of denying Rangers the championship thanks to two goals from Portuguese striker Jorge Cadete.

However, Rangers need only one point from its game against Motherwell on Monday to win the title.

NETHERLANDS Argentine striker Pablo Sanchez scored both goals as Feyenoord beat NAC Breda 2-0 on Sunday to move to the top of the Dutch first division. Feyenoord have 69 points, one more than PSV Eindhoven, who did not play this weekend but could regain top spot on Wednesday when it meets Sparta Rotterdam. *(AP, AFP, Reuters)*

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Magic Miracle Falls Short, as Heat Move On

The Associated Press

MIAMI — The Miami Heat withstood one last comeback by the Orlando Magic on Sunday.

Orlando scored 10 consecutive points midway through the fourth quarter and reduced a 17-point deficit to three, but Miami held on for a 91-83 victory in the deciding fifth game of the first-round playoff series.

Tim Hardaway shook off a shooting slump to hit two baskets — an off-balance 20-footer and a 3-pointer from 24 feet — in the final 43 seconds to clinch the victory. The Heat survived Penny Hardaway's 33-point effort and won a playoff series for the first time in their nine-year history.

Sonics eliminate the Suns. Page 23.

Miami, the Atlantic Division champion, advanced to the second round of the playoffs where it will meet the New York Knicks, formerly coached by their own mentor, Pat Riley.

The Heat blew out Orlando in Miami in the first two games before the Magic bounced back at the O-rena. The home team won every game in the series by an average margin of 16 points.

Miami missed nine consecutive shots in the fourth quarter on Sunday before Tim Hardaway sank his 20-footer — while being closely guarded by Darrell Armstrong — for an 86-80 lead with 43 seconds to go. He then answered Penny Hardaway's 3-pointer with a 3-pointer of his own, making the score 89-83 with 14 seconds left.

Tim Hardaway shot just 5-for-20 from the floor and finished with 11 points. He shot 30 percent in the series.

Orlando struggled against Miami's stifling defense, shooting just 39 percent. Penny Hardaway, who had 42 points in Game 3 and 41 in Game 4 for the Magic, faced frequent double-teaming for the first time in the series and missed 14 of 22 shots. He had 10 assists.

With Orlando starters Horace Grant and Rony Seikaly still sidelined by injuries, the Heat's Alonzo Mourning dominated inside after a slow start. He scored 22 points and added 12 rebounds.

Silver Charm Holds On in Derby

By Andrew Beyer
Washington Post Service

LOUISVILLE, Kentucky — One year ago the trainer Bob Baffert whooped as the horses crossed the finish line in the Kentucky Derby, thinking his colt, Cavonnier, had won America's most famous horse race. The camera disclosed that he had lost by a fraction of an inch, and Baffert has been tormented by the memory ever since.

Saturday he was thinking, "Here it comes again! Please, Lord, don't to it to me again." His colt, Silver Charm, was leading in mid-stretch at Churchill Downs, but Captain Bodgit was accelerating strongly and gaining with every stride. A 16th of a mile from the wire, Silver Charm looked beaten, but jockey Gary Stevens summoned Silver Charm's last reserves of energy, and he surged to win by a head.

At Baffert's side, Bob and Beverly Lewis felt a similar emotional weight lifted from their shoulders. They have poured millions into the game in the search for a Derby-caliber horse, mostly by having the trainer Wayne Lukas buy high-priced yearlings for them. But they permitted Baffert to buy an occasional modest horse and he picked up the young Silver Charm for $85,000. The outcome of Saturday's race confirmed the widespread opinion that Baffert, 44, is one of the rising stars of his profession.

There was a groundswell of support at Churchill Downs this week for Baffert's colt, who had run gamely in defeat in the Santa Anita Derby and had trained exceptionally well here. So, too, was there much enthusiasm for the consistent colt from Maryland, Captain Bodgit. While most of the media attention had centered on the regally bred, once-beaten Claiborne Farm colt, Pulpit, the betting public knew best. The crowd of 141,981 shunned Pulpit, making Captain Bodgit the 3-to-1 favorite and Silver Charm the 4-to-1 second choice.

Each of the contenders had a fair shot at Derby glory; each got the trip he wanted, none had any trouble.

When the gate opened, Stevens was pushing aggressively on the speedy Silver Charm as if he wanted the lead. There were several potential front-runners in the field, and each jockey wanted to see what the others were doing. As Shane Sellers on Pulpit and David Flores on Free House rushed to the front, Stevens put his mount under restraint. "The first turn was critical for me," Stevens said. "I was able to get the stalking position I wanted."

The leaders were setting an honest pace — an opening half-mile of 47 and two-fifths seconds run mostly into a headwind — as Silver Charm sat just outside them. Meanwhile, Alex Solis was saving ground with Captain Bodgit, sitting about eight lengths off the pace, with the leaders in his sights.

Just as Stevens turned Silver Charm loose on the final turn, Solis was putting Captain Bodgit into high gear and angling wide for room. A quarter-mile from the finish, it was evident the race was going to boil down to the favorites.

Captain Bodgit drew abreast of Silver Charm in mid-stretch and looked as if he was going to go on by. But he drifted in and slightly lost his momentum, while the leader fought back. Stevens said Silver Charm "had started relaxing a little bit when he got the lead. But we could have gone around again and they wouldn't have caught him." The victory gave Stevens his third Derby triumph.

Silver Charm covered the 1¼ miles in 2:02 and one-fifth. The top pair finished 3½ lengths ahead of Free House, the colt who had nosed out Silver Charm in the Santa Anita Derby.

Pulpit finished another three lengths back in fourth place, his reputation as a budding superstar shattered. Sellers said: "When we were on the backstretch, I felt I was going to win my first Kentucky Derby. But he wasn't able to sustain a drive."

When Silver Charm's nose hit the finish line first, Baffert's emotional reaction was predictable; he had finally erased the most painful memory of his professional life. But it was Bob Lewis who summoned up the overpowering nature of the experience. After the race he was asked if this was the most satisfying victory of his life, and he said it was more than that. On his tombstone, Lewis said, he wanted this epitaph: "Adoring father, loving husband, and winner of the 123d Kentucky Derby."



Timothy A. Clary/Agence France-Presse
Gary Stevens aboard Silver Charm rocketing down the home stretch.



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